

RAPAPORT®

Sierra Leone and Fair Trade Diamonds

BACKGROUND BRIEFING DOCUMENTS

CONTENTS

PAGE 2	SPIRITUAL SPARKLE	June 1, 2006	PAGE 8	GUILT TRIP	April 7, 2000
PAGE 5	FAIR TRADE JEWELRY	June 1, 2006	PAGE 11	BLOOD MONEY	November 5, 1999
PAGE 7	U.S. CONGRESIONAL RECORD	May 19, 2000	PAGE 15	RAPAPORT GROUP BACKGROUND	

Spiritual Sparkle

RAPAPORT
DIAMOND REPORT

Originally published June 1, 2006

By MARTIN RAPAPORT

One of the most important and challenging aspects of the diamond industry is how we deal with ethical issues. The secret of the diamond lies in its value as a symbol, not its physical utility. If you were to get a pair of sneakers made with child labor, you could still play a pretty good game of basketball with them — they have complete functional utility. However, if you are wearing a diamond and when you flash the diamond at your girlfriend, she says, “Ah, blood diamond!” that immediately destroys the entire purpose of the diamond, which is to make you feel good.

Jewelry and diamonds are very much “feel-good” products, and therefore highly sensitive to anything that would destroy their value as symbols. Diamonds symbolize love, commitment and all that is good in the world. Humanity needs tokens and symbols that commemorate and signify ideals that are beyond the physical needs of people. That’s why a soldier will die for a flag. The flag may be worth nothing in terms of its fabric, but the idea behind a flag is something that a person might be willing to die for. We must understand the fantastically important role that jewelry plays in society, not just as a source of financial security, but, more importantly, as an emotional symbol.

MORE THAN MONEY

We must look beyond money to the great need people have for gifting — a need that is fundamental to human nature. We gift jewelry to elevate our relationships above and beyond mundane material utility. You could buy a woman a washing machine — and sure, in developing regions like India, China and Africa, women may get washing machines before they get diamonds — but once a society passes a cer-



Collecting the gravel: The diggers carry the gravel on their heads to the machine used to separate the gravel from the diamonds.



Workers’ hut at the digging site.

tain level of wealth accumulation, material needs are replaced by emotional needs. And meeting the very real emotional needs of society is the core purpose of the jewelry industry.

We are not really in the diamond business. We don’t sell the diamond; we sell the idea behind the diamond. A woman wants you to give her something that doesn’t have immediate functional utility because that means that your relationship with her is beyond pure functionality. The emotional, altruistic aspect of the relationship is what is most important.

The value of a diamond to a woman is not its resale value, but the fact that someone she loves, and who loves her, gave her the diamond. A young woman’s excitement upon receiving a diamond engagement ring is not just about the diamond. She has received much more than a diamond — she has got a man.

A woman may want a man to suffer a bit when buying her a diamond. If a simple worker spends \$2,000 on a diamond, the emotional value of that diamond to his girlfriend will be greater than the \$1 million diamond given by a billionaire. A woman projects the relative cost of the diamond to the man onto herself. She believes that if he spends more on her, she is worth more to him. The more financial pain he feels, the happier she is with him and the diamond.

So diamonds are a powerful concept. Diamonds are a very exciting product because demand for them transcends materialism, is based on symbolism and latches onto the most fundamental and powerful of human needs — love.

Now that we know this, how can we make a better, more beautiful diamond? Should we concentrate solely on the diamond’s physical characteristics — its cut, color, clarity and carats? Perhaps not. Our challenge is to enhance the intangible idea behind the diamond and to elevate the symbolic

value of the diamond to a level that's worthy of representing man's most sacred and beautiful emotions.

ETHICAL CONSIDERATIONS

Let us consider the ethical aspects of the diamond equation. The high value that society places on diamonds enables the transfer of wealth from the world's richest countries to some of its poorest. The fact is 65 percent of the world's diamonds, \$6.7 billion per year, are produced in African developing countries. Botswana, the world's largest diamond producer, has the second-highest incident of AIDS, with 37 percent of the adult population HIV positive and 160,000 orphans, as of 2003. Diamonds provide 75 percent of Botswana's foreign earnings. Sierra Leone is ranked the world's poorest country by the United Nations (UN) Human Development Index, with about 70 percent of its people living on less than a dollar a day. Diamonds account for 94 percent of its exports. The fact is, diamonds are keeping these millions of people alive today.

Our story cannot end here; we must dig deeper. While Botswana is blessed with kimberlite pipes that enable an efficient, well-organized diamond mining industry and the beneficiation of diamond revenue, Sierra Leone, Angola, the Congo and other countries have alluvial diamonds that are scattered throughout their region in ancient riverbeds. The random distribution of diamond wealth in an impoverished society creates incredible problems and, in the case of Sierra Leone, enabled a horrible war.

The problem is that unprotected wealth is a curse. Imagine if you give your wife a \$1 million necklace and you do not provide her with any security? Robbers then come, beat up your wife and steal the necklace. Was that gift to your wife a blessing or a curse?

Imagine a world where Sierra Leone's government is corrupted by diamond dealers. Liberia attacks the diamond areas that cannot be well protected because the diamonds are scat-



Machine used to separate diamonds and gravel at the digging site.

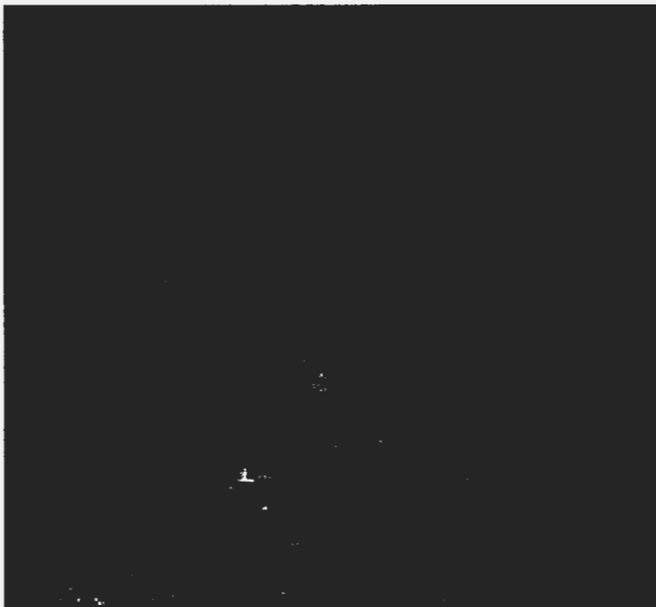
tered all over the border region. Liberian soldiers and local rebel teenagers, powered by drugs and armed with AK-47s, turn the local population into slaves who dig for diamonds. The diamonds are then sold to raise money for more guns to enslave more people to dig for more diamonds. Welcome to Sierra Leone 1998 to 1999.

A DIAMOND TALE

Let me tell you a story. In 1998, Global Witness, a nongovernmental organization (NGO), takes on the issue of conflict diamonds. In 1999, Charmian Gooch of Global Witness comes to Israel and we meet. She tells me that the diamond industry is responsible for a terrible war in Sierra Leone. I believe her. She wants to trace the smuggled diamonds. I don't think this is possible and suggest we follow the trail of the legitimate diamonds so we can make kosher diamonds. At first, people think this is an impossible idea, but by 2000, people are talking about a certification scheme that eventually evolves into the Kimberley Process (KP).

Early in 2000, the U.S. State Department asks me to go to Sierra Leone as part of a diamond reconciliation meeting with rebel leader Foday Sankoh. The idea is to get Sankoh's Revolutionary United Front (RUF) rebels to leave the diamond-rich areas and pass control to the UN. I fly into Freetown on a World Food Programme (WFP) helicopter, bringing in sacks of rice. It's the only way in or out of the country. I meet Sankoh at his home. He smiles a lot and wants us to tell his story of government corruption and why he became a rebel. The next day, I visit the amputee camp. I see Sankoh's work: thousands of people missing limbs — men, women, children. A school in a shack with a dirt floor and blackboard, teachers and kids, everyone missing a limb. Babies sleeping in milk crates. Intelligent people wanting to tell their story, showing me their severed limbs. I think of my parents in Auschwitz. I think — never again.

In 2000, I publish the article "Guilt Trip" and put pictures



Machine maintenance at the site.

of dead bodies in the *Rapaport Diamond Report*. The diamond industry is shocked and angry with me — how dare I publicize this dangerous issue? Then-Congressman Tony Hall of Ohio reads part of the article into the Congressional Record and calls for the Clean Diamond Act. The World Diamond Council (WDC) is established. I speak at the first meeting in Kimberley, which later turns into the Kimberley Process. The diamond industry begins to buy into the idea of international controls over all rough diamond imports and exports.

It is not easy, this diamond story. The KP is working well, doing what it is supposed to do: preventing the flow of bad diamonds from rebels in the Congo and Cote D'Ivoire from entering the diamond markets, protecting the legitimate diamond markets from "conflict diamonds" and formalizing exports from places like Sierra Leone so that the government can collect taxes on exports. The KP helps the diamond trade, governments and NGOs, as it shows that we are doing something that works.

But what about the people of Sierra Leone? How can it be that tens of millions of dollars are exported from diamond areas and yet there is no electricity, no plumbing, no wells, no major improvements in the lives of the people? Why aren't the diamonds benefiting the local population? What are we waiting for — the next war?

FAIR TRADE

What role should the diamond industry play? What role should diamond consumers play? Do we owe anything to the people of Africa just because we buy their diamonds? Is it our fault if governments are corrupt? Are we responsible for what we buy?

Yes, of course we are responsible for what we buy. And we are also responsible for what we do not buy. Actors, rappers and marketers of nonartisanal diamonds who try to establish boycotts of diamonds from Sierra Leone are doing evil. They are hurting the very people they are trying to help. What are these people trying to accomplish? We are already dealing with the poorest country on earth. Are they now trying to take away 94 percent of its foreign income? People need to learn the first rule of development: "The road to hell is paved with good intentions" — their good intentions.

So what can we do? I think we need to take a positive, rather than negative approach. We need to help people, not hurt them. We need to create a new competitive diamond product category called "fair trade diamonds."

Fair trade diamonds are diamonds whose profits are fairly shared with the people who create them. They are diamonds whose purchases are carefully monitored to assure they come from legitimate sources, that fair wages are paid and a fair level of benefit is returned to the local community from where the diamonds originate. And to ensure that the processing of the diamonds does no harm — to anyone or to the environment.

This past year, our Rapaport Group worked with USAID to create four digger cooperatives in the Kono area of Sierra Leone. This was part of the Kono Peace Diamond Alliance (KPDA) program supported by the U.S. and U.K. governments.



Artisanal diggers in Kodu.
Picture was taken off one of the main roads in the town.

Monitoring was provided by Global Witness. We funded four cooperatives totaling some 240 people. Costs to our company were over \$60,000 and we found only \$3,000 worth of diamonds. We learned that Sierra Leone does not need more diggers and that the best way to promote development is by establishing sustainable economic development. We learned that industry must work together with government and NGOs to create new economic realities. We learned that there will be tremendous demand for fair trade diamonds and that no matter what the cost or the loss we have encountered — we are doing the right thing.

People assume that governments can change the world. But I say governments cannot regulate development. All they can and must do is create an enabling environment for business to establish sustainable development. I challenge the value system of Africa to change. Africa should be the next China, but African leaders must learn to do what China has done — create an enabling economic environment.

Our goal is to turn Sierra Leone's curse into a blessing. To use economic power to change the world. To go into the most difficult areas of the world and give people a fair deal. And then to package and sell that fair deal to consumers who want to buy the best diamonds in the world.

Some people add value to diamonds by cutting them better, others by putting them in magnificent settings. My goal is to add value to diamonds by expanding the diamond dream, creating a diamond that brings as much joy to the woman selling the diamond in Africa as it does to the woman receiving the diamond. My goal is to expand the idea behind the diamond — to sell a diamond that makes the world a better place.

Imagine a woman looking at her diamond and knowing that her diamond has helped people who really needed help. That her diamond has brought light and happiness to the people who found it for her. A fair trade diamond transcends money. It is about sharing, caring and love. It is about spiritual sparkle. ♦

This article appeared in the June 2006 BritishVanity Fair PLUS JEWELLERY special supplement under the title "Rough Justice."

Fair Trade Jewelry

RAPAPORT
DIAMOND REPORT

Originally published June 1, 2006

The combination of jewelry and social responsibility in one product is a luxury market category killer.

BY MARTIN RAPAPORT

Business is about making money. Buy low, sell high. Squeeze your supplier as hard as you can; charge your customer as much as you can. Trading is a zero sum game. The money ends up in your pocket or the other guy's. As long as you don't lie, cheat or steal, the law of the jungle applies. Competition is economic warfare. Might makes right. Business does not reward the weak. Business is about survival of the fittest.

The concept of fair trade appears incompatible with the brutal competitive reality of free markets. How can we give someone a good deal yet remain competitive? How can fair trade products realistically compete in the marketplace if they cost so much more than regular products?

While there are many excellent emotional reasons to support fair trade jewelry (read "Spiritual Sparkle," this issue), we must recognize that fair trade's success is entirely dependent on its ability to compete in the marketplace. We must set aside our emotional and charitable instincts and ask the really tough question: Can fair trade jewelry make business sense? Can fair trade jewelry make it in the real world?

FAIR TRADE COMPETITION

My thesis is that fair trade jewelry has the potential to become the ultimate luxury product of our century. It not only has the potential to compete, it has the potential to dominate. The primary challenge confronting the development of the fair trade jewelry category is our ability to understand what fair trade jewelry is and how to harness its tremendous potential.

We must understand that social responsibility is not just an idea. It is a product — a product that needs to be created, packaged, branded and, most importantly, delivered to consumers. Consider the success that De Beers has had delivering the idea of love/commitment through the gift of a diamond. The diamond is the vehicle used to deliver the message of love. It is the carrier of the intangible product.

So, too, with fair trade jewelry. The negative aspects of our brutal competitive society drives demand among the entitled-wealthy class to buy and communicate social responsibility. For some, it might be unconscious guilt at being successful; for others, it is simply the fact that they are decent, humanitarian people. Whatever the reasons, the demand for social responsibility is unlimited and grows stronger every day.

The task before us is to position jewelry as the vehicle to

create and transmit social responsibility. This will be done by utilizing the purchasing power of jewelry to create sustainable economic development that directly benefits the poorest and most disadvantaged people on the planet. There is a reason that G-D scattered valuable gems among the poorest of people. The high value society places on gems enables the transfer of wealth from the world's richest countries to its poorest.

We are not just dealing with an ethical, moral and charitable issue now. Let's talk straight business. The fundamental concept of fair trade jewelry is to use economic power to make the world a better place and then sell that fact to consumers. If we buy gems in a way that benefits the poorest people of the world, we will combine two products; jewelry and social responsibility. The combination creates a new luxury product category — fair trade jewelry. A product with unlimited demand. A luxury market category killer.

On the other hand, if we exploit the poor people who mine our diamonds and gems, we will not only miss out on having the best luxury product in the world, we destroy our jewelry industry.

ESTABLISHING FAIR TRADE JEWELRY

Having established the economic justification for fair trade jewelry, one would expect the ethical considerations to be obvious and inconsequential. Unfortunately, the establishment of fair trade jewelry is a highly complex and difficult affair.

Over the past few generations, billions of dollars of aid has failed to develop Africa. In fact, it may have hurt it. The first rule of development always applies: "The road to hell is paved with good intentions." Forcing change, fighting corruption, co-opting stakeholders, establishing efficient monitoring and just operating in Africa is very difficult.

Existing stakeholders in the diamond industry feel threatened by new competitive fair trade diamonds and jewelry. Some may try to destroy the process while acting as if they are trying to help. The primary mission of corporations is to protect and enhance shareholder value, not to make the world a better place. A major challenge will be aligning business interests with development interests while maintaining fair trade integrity.

There are many major questions that need to be answered, not the least of which are: What is fair trade jewelry? Who sets and enforces standards? How do we differentiate between

“There is a reason that G-D scattered valuable gemstones among the poorest of people.”

degrees of development benefit? Are fair trade diamonds from Sierra Leone, the world's poorest nation, better than diamonds from Botswana or Canada or Russia? Can diamonds from Botswana be fair trade diamonds? Can we establish different categories, such as ethical diamonds and development diamonds in addition to fair trade diamonds? What about jewelry manufacturing standards, the ecology, child labor and a host of other issues?

FAIR TRADE PRINCIPLES

While endless questions and issues remain, we can summarize our concept of fair trade using four principles. A more thorough discussion of these principles will be provided in a future article. Our fair trade principles are:

1. Monitoring
2. Fair Compensation
3. Community Benefit
4. Do No Harm

It is important for us to recognize the need to build consensus and assure everyone an opportunity to share their views and concerns. We must encourage discussion and debate within the jewelry industry and among all stakeholders, including the people we wish to benefit — artisanal miners and others in developing countries, nongovernmental organizations (NGO) and governments. We must learn from the experience of others and from the development of other fair trade products.

To this aim, we are holding the first Rapaport Fair Trade Jewelry Conference on Monday, June 5, at the JCK-Las Vegas Show. All are invited. Topics on the agenda include: What is fair trade and how can it be applied to the jewelry industry? What are the benefits of fair trade jewelry to producers, the trade and consumers? How are fair trade standards established and enforced? How can the market for fair trade jewelry be developed?

We are pleased that TransFair USA of the Fair Trade Labeling Organization (FLO), the NGO that establishes fair trade standards, will be at the conference addressing how fair trade standards are developed and enforced. We also welcome long-term industry supporters of fair trade jewelry Eric Braunwart, Tom Cushman and others.

BLOOD DIAMOND MOVIE

In our view, this movie may be the best thing that has ever happened to the diamond industry. That is because it will force

us to address the issue of our social responsibility. Only after we confront our own inadequacies can we develop fair trade jewelry as a symbol of society meeting its commitment for social responsibility.

We strongly support efforts by the World Diamond Congress (WDC) to educate the trade about the Kimberley Process (KP), but we are concerned by the inappropriate defensive posture being promoted in reaction to the anticipated release of the blood diamonds movie. While explanations that the diamonds we sell are nonconflict due to the KP are useful, they are insufficient. One CNN camera crew in Sierra Leone showing a 10-year-old digging in a mud hole for a cup of rice a day is all that it would take to put the lie to superficial explanations that the Kimberley Process eliminates the “problems” associated with diamonds from Sierra Leone.

Our trade's reaction to the movie should be humane and personal, not corporate and defensive. We must share our immediate concern about what is going on in Sierra Leone and make a personal commitment to find ways to address the problem of one million artisanal diggers living on subsistence wages of one dollar a day, or less. We need to honestly ask ourselves if we give a damn about people in Africa or if we are only concerned about ourselves, about making another sale.

The hardest question you will ever be asked will not come from your customer. It will come from your child, your spouse or your clergyman. They will ask: “Why didn't you do something?” That is the question I am asking you right now.

Hiding under the KP umbrella allows us to say our diamonds are “okay.” Nothing more. But since when is okay enough for diamonds? I refuse to accept okay. Diamonds must never be okay, they must always be great, the best, the ultimate.

Fair trade jewelry is not just about our industry's opportunity to significantly improve the lives of millions of people. And it is not just about turning jewelry into the ultimate product of the century. It's personal. It is about you and me, each and every one of us, meeting our obligation to be good, decent people. It is about us having the courage to ask ourselves: What is really going on with the products we sell? Are innocent people being exploited? What can I do to help? What can I, as a member of the jewelry industry, do to make the world a better place? ♦

If you would like to make a difference, please send an email to fairtrade@diamonds.net.

United States Congressional Record

SHARING AN ARTICLE FROM MARTIN RAPAPORT:
"GUILT TRIP" — HON. TONY P. HALL (Extensions of Remarks - May 19, 2000)

HON. TONY P. HALL
OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, May 19, 2000

Mr. HALL of Ohio. Mr. Speaker, today I share with our colleagues a moving plea written by one of the most respected experts in the diamond industry to other members of the industry.

Martin Rapaport, publisher of one of the top trade publications, traveled to Sierra Leone in the weeks before United Nations peacekeepers were captured. His article, "Guilt Trip," was written to propose a solution to the mayhem war diamonds fuel. It needs no embellishing, and I excerpt it here for my colleagues' review:

I don't know how to tell this story. There are no words to describe what I have seen in Sierra Leone. My mind tells me to block out the really bad stuff, to deny the impossible reality. But the images of the amputee camp haunt me and the voices of the victims cry out. 'Tell them what has happened to us,' say the survivors. 'Show them what the diamonds have done to us.'

"I am angry. I am upset. I am afraid that my words will not be strong enough to convey the suffering and injustice I have witnessed. How do I tell you about Maria, a pretty eight-month-old baby whose arm has been hacked off by the rebels? How can I fully describe the amputee camp with 1,400 people living in huts made of plastic sheets, babies in cardboard boxes, food cooked in open fires on the ground, no electricity or plumbing — everywhere you look someone is missing an arm, a leg or both. What can I say about the tens of thousands that live in displaced persons camps without adequate medicine, food, clothing and shelter.

Friends, members of the diamond trade. Please, stop and think for a minute. Read my words. Perhaps what is happening in Sierra Leone is our problem. Perhaps it is our business.

Sierra Leone is a beautiful country. It has a cornucopia of natural resources and a population that includes many well educated, highly intelligent people. In spite of the wars,

which have decimated the population and destroyed the basic infrastructure of the country, the people of Sierra Leone are industrious and kind-hearted. During my visit last week, the capital, Freetown, was bustling with people trying to rebuild their lives and their country.

While there is much to be hopeful and optimistic about, the peace process is moving too slowly. The diamonds are holding up the peace process. The war in Sierra Leone is about power. It is about who controls the country, how they control it and what they do with their control. There is a strong perception that he who controls the diamonds will control the country.

Simply put, Sierra Leone's diamond industry is totally black market, underground, illegal and corrupt. Hundreds of millions of dollars of Sierra Leone diamonds are being traded on the world markets without any benefit going to the government, or people, of Sierra Leone.

The bastards are not just stealing Sierra Leone's diamonds, they are trading them for guns. Guns which are used to kill people to keep the war going, which assures that the government will not be able to control the illegal trade, assuring that the bad guys can continue to steal the diamonds. The real challenge facing Sierra Leone and the world diamond trade, is how to stop this horrific murderous cycle of illegal diamond activity.

The problems of Sierra Leone are so great and discouraging that one hesitates to suggest solutions... [but] the situation in Africa is such that we must adopt a pro-active attitude towards the resolution of problems. We cannot sit back and write off the problems of Africa as unsolvable — the human suffering is simply too great.

The diamond industry must address the fact that illegal diamonds from Sierra Leone and other war zones are in fact finding their way into the diamond marketplace. While

the industry in general cannot solve Sierra Leone's problems it can, and must, take realistic measures to assure that illegal diamonds are excluded from the marketplace.

The bottom line is that our industry must stop dealing with questionable diamonds. Consider the market for stolen diamonds and jewelry. Now we all know that these markets exist in a limited way, but no decent, legitimate or even semi-honest diamond dealer would ever consider buying stolen diamonds. When you buy a stolen diamond you encourage the thieves to go out and steal another diamond. You endanger your own life and you destroy the security of your business.

Would we walk around saying there is no way to tell if a diamond is stolen and just let the thieves market prosper? By the way—how is it that our industry is able to self-regulate in a reasonable manner against thieves, but not against conflict diamonds? Is the life of a black in Sierra Leone worth less than the life of a diamond dealer or jeweler in the U.S.?

Mr. Speaker, I met Mr. Rapaport before I went to Sierra Leone last year, and I have heard the industry's admiration for him. He and his colleagues are savvy, clever business people. I am confident they not only can figure out how to stop war diamonds from enriching butchers — but, more importantly, how to turn diamonds' economic potential into a positive force for the African people who so need that.

I applaud Mr. Rapaport for making his trip to Sierra Leone and for eloquently appealing to the diamond industry to find a solution to this urgent problem. And I urge my colleagues to join me in pressing for a targeted solution to the diamond smuggling that is destroying Sierra Leone's democracy and its people.

Please join Sierra Leone's democratic government, the U.S. diamond industry, and some of our most thoughtful colleagues in supporting H. Con. Res. 323.

Guilt Trip

BY MARTIN RAPAPORT

RAPAPORT
DIAMOND REPORT

Originally published April 7, 2000

I don't know how to tell this story. There are no words to describe what I have seen in Sierra Leone. My mind tells me to block out the really bad stuff, to deny the impossible reality. But the images of the amputee camp haunt me and the voices of the victims cry out. "Tell them what has happened to us," say the survivors. "Show them what the diamonds have done to us."

I am angry. I am upset. I am afraid that my words will not be strong enough to convey the suffering and injustice I have witnessed. How do I tell you about Maria, a pretty eight-month old baby whose arm has been hacked off by the rebels? How can I fully describe the amputee camp with 1,400 people living in huts made of plastic sheets, babies in cardboard boxes, food cooked in open fires on the ground, no electricity or plumbing — everywhere you look someone is missing an arm, a leg or both. What can I say about the tens of thousands that live in displaced persons camps without adequate medicine, food, clothing and shelter.

Yes, I know — you've seen shocking pictures on TV. Images from some other unreal world viewed from the safety and comfort of your living room. What a shame you think, how sad, but what does it have to do with me? It's not my problem, it's not my business.

Friends, members of the diamond trade. Please, stop and think for a minute. Read my words. Perhaps what is happening in Sierra Leone is our problem. Perhaps it is our business.

BACKGROUND

Sierra Leone is a beautiful country. It has a cornucopia of natural resources and a population that includes many well educated, highly intelligent people. In spite of the wars, which have decimated the population and destroyed the basic infrastructure of the country, the people of Sierra Leone are industrious and kind-hearted. During my visit last week, the capital, Freetown, was bustling with people trying to rebuild their lives and their country.

While rebel forces still control a sizeable portion of the country, including most of the extremely rich alluvial diamond areas, a tenacious peace has taken hold. The Lome peace accords have set the stage for a transition from military to political rule. To a large degree the peace is being enforced by an extensive military force of United Nations (UN) peacekeepers who are replacing the ECOMOG peacekeeping forces from Nigeria.

While there is much to be hopeful and optimistic about, the peace process is moving too slowly. There is real concern that the war will flare up again and the UN forces will be tested. A major problem is that the rebel forces are not handing over the diamond rich areas to the UN peacekeepers. The diamonds are holding up the peace process.



POWER

The war in Sierra Leone is about power. It is about who controls the country, how they control it and what they do with their control. The primary forces at work are military, political and economic power. The Lome peace accords are designed to enable the country to transition from military control to political control. In other words participants in the conflict, including and especially the rebels, are being encouraged to transform their military power into political power; to transform their military organizations into political organizations; to fight with votes instead of guns.

The problem in Sierra Leone is that the only way to transform military power into political power is through the use of economic power. The parties to the conflict need the money and benefit of the country's economic resources in order to get votes. Significantly, the only source of short-term economic power in Sierra Leone is diamonds.

The government cannot rule the country if they do not have control over the country's economic resources (i.e. diamonds). At the same time the rebels will not give up their arms and control of the diamond areas if they are not given an opportunity to benefit from the economic resources they are giving up. There is a strong perception that he who controls the diamonds will control the country.

The current stalemate between the government and the rebels is in fact a stalemate over how to fairly share the economic benefit of Sierra Leone's diamonds. The Lome peace accords recognized that the key to peace in Sierra Leone is a negotiated agreement about how to share the countries eco-

conomic resources. It created a commission that includes all parties to the conflict as well as representatives of civil society. Significantly, the chairman of this commission is the former rebel leader Foday Sankoh. To a large degree the current hope for peace in Sierra Leone rests on the ability of the commission to negotiate control over the countries diamond resources.

THE REAL PROBLEM

While the framework for a negotiated settlement of the war in Sierra Leone has been provided by the Lome accords, the ability of the parties to negotiate a settlement is being undermined by the illicit diamond trade. Simply put, Sierra Leone's diamond industry is totally black market, underground, illegal and corrupt.

Hundreds of millions of dollars of Sierra Leone diamonds are being traded on the world markets without any benefit going to the government, or people, of Sierra Leone. Official 1999 Sierra Leone diamond exports came to \$1,244,825.

The real problem facing Sierra Leone is not merely how to share diamond resources among warring factions, but rather how to stop the illegal diamond industry from stealing the country's resources. But it goes beyond that. The bastards are not just stealing Sierra Leone's diamonds, they are trading them for guns. Guns which are used to kill people to keep the war going, which assures that the government will not be able to control the illegal trade, assuring that the bad guys can continue to steal the diamonds.

The real challenge facing Sierra Leone and the world diamond trade, is how to stop this horrific murderous cycle of illegal diamond activity.

SOLUTIONS

The problems of Sierra Leone are so great and discouraging that one hesitates to suggest solutions. This is particularly true of individuals such as myself who have a limited understanding of the complex socio-economic political issues of Africa. There is always the fear that the best intentions may lead to the worst conclusions. Yet, in spite of these concerns, it is my firm belief that the situation in Africa is such that we must adopt a proactive attitude towards the resolution of problems. We cannot sit back and write off the problems of Africa as unsolvable — the human suffering is simply too great.

Upon reflection of my meetings in Sierra Leone last week I believe that there is a genuine desire by all parties to solve the countries severe diamond problems. While there is concern about how to fairly share the market, there is also a strong consensus that the diamond markets must be legitimized to stop the plundering of the countries resources by outsiders.

I believe that while there are solutions to the real problems facing Sierra Leone, these solutions are not simple or easy to implement and they only offer limited relief in the short term. They are however fundamental. They provide an alternative to the cycle of illegal diamond activity and put the countries diamond industry back on a legitimate track. While it is not our intention to present a complete overview or detail specific solutions at this time, we can highlight the primary elements of a possible solution.



The unspeakable horrors of the war in Sierra Leone is partially the responsibility of the diamond industry. Before anyone ever buys a diamond, it is essential to verify it's origins.

The overall concept is to provide economic solutions to political problems. In other words, to create and promote positive economic forces that compete against negative socio-economic political forces. The idea is to create legitimate, efficient and competitive diamond markets that pay higher prices than illegal markets and thereby drive the flow of diamonds through official channels.

We have two important tools in our war against illegal diamonds: Transparency and beneficiation. Both tools are consistent with the development of a sustainable cycle of competitive economic activity and they strongly support the development of efficient downstream social and economic development. Furthermore, they create an environment which is extremely antagonistic to political and economic forces involved in illegal activity.

PRICING TRANSPARENCY

The concept of pricing transparency is that competitive world market price information be made readily available to sellers in the regional markets. In other words sellers would be able to obtain unbiased information about the true value of their diamonds. In the case of public tenders the sellers would know the price that buyers paid for specific assortments of diamonds. Often such information will not be perfect due to the highly subjective nature of diamond evaluation but it will open the door to improved price discovery and market efficiency.

MARKET ACCESS

The ultimate goal of pricing transparency should be to reduce the diamond price differential between Sierra Leone and the world markets. This can be done by significantly improving market access for Sierra Leone goods. Alluvial diamond miners at the co-op village level should be able to have their diamonds sold in the international markets. Obviously, the smaller the spread between Sierra Leone prices and world market prices the less incentive for bribes and other illegal activity. Furthermore, the higher the price level in Sierra Leone the less incentive there is to sell through unauthorized channels.

“The ultimate goal of pricing transparency should be to reduce the diamond price differential between Sierra Leone and the world markets.”

SOURCING TRANSPARENCY

Of primary concern is the utilization of legitimate diamond distribution channels for illegal diamonds (i.e. diamonds whose revenue is used to purchase arms). It is therefore critical that all diamonds bought in an approved system be subject to rigorous disclosure regarding sourcing. The suggested model for Sierra Leone is therefore limited because it would insist that diamonds eligible for the program be limited to those coming from known sources at the co-op village level.

ECONOMIC BENEFIT

The stated goal of the model is to benefit the local indigenous African population. This means that diamonds would not only be acquired at the village level to assure that revenue was not being dedicated to arms but also to ensure that the revenue was used to benefit the local population. Given the current situation in Sierra Leone it is advisable that some revenue be allocated for emergency community projects and small loans for diggers.

SOCIAL BENEFIT.

It is highly advisable to incorporate any program of diamond benefits within the context of a larger benefits model that addresses the overall health and social needs at the co-op village level. Optimal diamond benefit will occur if revenue is directed to a specific area that is capable of absorbing and multiplying the economic benefits.

LIMITED SCOPE

The program should not try to solve all of Sierra Leone's diamond industry problems with one model. Neither should it try to monopolize the country's diamond industry. Instead a limited pilot program should be implemented in various regions of the country so that the full impact of the model including any unintentional consequences could be discovered before broader implementation. The model should be able to coexist with other possible solutions.

Please note these initial suggestions are provided to stimulate discussion. Readers are encouraged to participate in an online discussion forum at www.diamonds.net/conflictdiamonds.

TAKING RESPONSIBILITY

The diamond industry must address the fact that illegal diamonds from Sierra Leone and other war zones are in fact finding their way into the diamond marketplace. While the industry in general cannot solve Sierra Leone's problems it can, and must, take realistic measures to assure that illegal diamonds are excluded from the marketplace.

The argument that it is impossible to ascertain the origin of specific diamonds is very interesting, but it does not negate the responsibility of our industry to take steps that restrict the flow of illegal diamonds.

One step our industry should take is an industry-wide system of voluntary disclosure regarding the non-conflict sourcing of diamonds. De Beers decision to certify the non-conflict nature of the diamonds they sell on every invoice opens the way for other mining companies to provide similar certification on their invoices. It also opens the way for subsequent buyers to state — "The diamonds sold under this invoice have been certified by the seller as being non-conflict diamonds." Such disclosure based on an affirmative statement by the seller could be passed on through the entire diamond distribution system.

The idea is that the diamond industry needs to tighten its standards. The days when one could simply take the position — "I don't know where my diamonds are coming from" — are drawing to a close. The time has come for us to band together and make sure that we can be trusted to ensure the legitimate origin of our diamonds and the legitimacy of our diamond industry.

The bottom line is that our industry must stop dealing with questionable diamonds. If you don't know where or from whom the diamond comes from — don't buy it. We must no longer deal in grey diamonds.

Now many of our readers might find the above suggestion a bit over-the-line. Perhaps I can better explain the problem of conflict diamonds by bringing the issue closer to home.

Consider the market for stolen diamonds and jewelry. Now we all know that these markets exist in a limited way, but no decent, legitimate or even semi-honest diamond dealer would ever consider buying stolen diamonds. When you buy a stolen diamond you encourage the thieves to go out and steal another diamond. You endanger your own life and you destroy the security of your business.

Now let's say a \$250 million a year market for stolen diamonds developed on 47th Street. Let's say hundreds of salesmen and jewelers across the U.S. were being killed every year by diamond thieves. What do you think the response by our industry would, or should be?

Would we walk around saying there is no way to tell if a diamond is stolen and just let the thieves market prosper? By the way — how is it that our industry is able to self-regulate in a reasonable manner against thieves, but not against conflict diamonds? Is the life of a black in Sierra Leone worth less than the life of a diamond dealer or jeweler in the U.S.? ♦

Blood Money

BY MARTIN RAPAPORT

RAPAPORT
DIAMOND REPORT

Originally published November 5, 1999

I first heard this phrase from my father. He was talking about the war — about his experience in German concentration camps. Blood money was bad money — the worst kind of money. Money you didn't want anything to do with. Money with the stench of death.

Hassidic Rabbis, Zen Masters and quite a few people in between believe that money has its own energy or karma. Good, honestly earned money, preferably tithed, tends to multiply and bring its owners good things. Bad money may look good, but doesn't last and ultimately harms its owners. While the philosophy of money is complex and debatable, the bottom line is simple and obvious. People have to take responsibility for how they earn and spend their money.

In this article we analyze a most difficult and horrifying topic — war in Africa and the role that diamonds play in fueling these wars. This is not a comfortable subject. The stories are shocking and the human tragedy undeniable. For the sake of humanity and our own morality, we must take a hard look at the facts and develop an understanding of the role that our industry must play to help alleviate the intolerable suffering in Africa.

In many ways Africa is the last frontier — the last continent to come of age politically, socially and economically. We can blame the colonists who drew arbitrary maps playing off ethnic tribal groups, or the corrupt black leaders who steal their citizens' daily bread. We can blame the white man, the black man, or no man. It really doesn't matter. The fact is Africans are killing each other. They are butchering their own innocent women and children. There is no right or wrong in Africa anymore. These are not the wars of politicians. These are the wars of madmen. Africa is out of control. The only way to stop the madness is by stopping the means of war — stopping the weapons and the flow of money that buys weapons.

While there is nothing new about Africans brutally killing each other, there is a developing consensus that the killing season must come to an end. Whether it is because they are well meaning or self-serving, powerful and often naïve governments and human rights organizations are taking it upon themselves to make serious efforts to stop the carnage. Even though the situation in Africa has been hopeless for decades, one gets the sense that the time is ripe for change.

GLOBAL WITNESS

The role of diamonds in all of this has been highlighted by

a feisty little troublemaker human rights organization called Global Witness. As the name implies, Global Witness (GW) runs around the world witnessing and documenting very bad things. Not content to merely witness the bad stuff, it then packages and markets guilt trips to powerful governments and organizations that are in a position to do something to stop the bad stuff. Since GW is a non-profit, non-political, non-governmental organization (NGO) it has the support of other NGO's that have millions of socially responsible members who happen to be consumers.

GW has a track record. They took on Cambodia's Khmer Rouge, documented the illicit timber trade, got Washington to get Thailand to shut down its border to Cambodian timber and thereby shut off the Khmer Rouge's source of income. The GW people risked their lives to document the illicit timber trade. They are extremely focused, uncompromising idealists who have the ear of government.

GW's basic premise is that money from diamond sales is being used to finance war in Africa. It wants the diamond industry to stop buying diamonds from warring factions in Africa. Its simplistic approach is, no diamond sales, no money for guns, no war. GW believes the burden of not buying 'war diamonds' is on the diamond industry. Supposedly, the diamond industry is expected to be able to differentiate good diamonds that support economic development in good countries like Botswana from bad diamonds that fuel war in Angola, Sierra Leone, Liberia and the Congo.

GW and three other human rights NGO's (Medico, Netherlands Institute for Southern Africa, Novib) have launched an international diamond campaign to educate consumers about the role diamonds play in African conflicts. The "Fatal Transactions" campaign "calls on the public and other interested organizations to ask the diamond trade to implement effective controls to ensure that diamonds do not fund rebel armies in Africa."

While citing the enormous economic benefit of diamonds to Botswana, Namibia and South Africa and stating that "this campaign is not anti-diamond, but anti-war" the press release also includes statements like: "Most people would be horrified to learn that their diamond jewelry had financed the purchase of landmines or guns in one of Africa's brutal conflicts. These conflicts have resulted in the deaths of hundreds of thousands of civilians, the maiming of thousands of women and children by landmines and the displacement of millions of

“People have to take responsibility for how they earn and spend their money.”

refugees.”

THE POLITICIANS

GW is not operating in a political vacuum. Robert Fowler, Canada's UN ambassador and Security Council representative, has taken responsibility for applying UN resolution 1173, which makes it illegal to buy diamonds from Unita, Angola's rebel movement (diamonds certified by the Angolan government are not subject to the resolution). Fowler insists that the diamond industry implement controls that stop Unita's diamonds from entering the diamond pipeline.

British Foreign Secretary Robin Cook has also proposed international controls on the sale of rough diamonds to stop illegal sales that fuel war in Sierra Leone and Angola. "The places you can sell uncut diamonds are pretty limited. It should not be beyond our wit to devise an international regime in cooperation with the diamond trade that cuts off the flow of diamonds from those who use them to buy arms and fuel conflicts," said Cook.

On a visit to Sierra Leone two weeks ago, U.S. Secretary of State Madeleine Albright promised \$55 million in aid and offered to forgive \$65 million in debt, if a peace pact was implemented. Albright described her visit with hundreds of children whose arms and legs had been cut off by rebels as "heart-wrenching and stomach churning." Recognizing the role that diamonds have played in the conflict, she earmarked \$1 million of the aid for devising a technique to mark diamonds that are being exported officially.

On November 1, U.S. Congressman Tony Hall (D-Ohio), introduced legislation (the CARAT Act) that would require importers of rough and polished gem diamonds and diamond jewelry to provide written certification stating the country in which the diamonds were mined. The proposed law requires enforcement within one year of enactment, and cites consumer desire to "avoid purchases from countries in which war or human rights abuses are funded through the sale of diamonds." According to Hall, the act does not block the import of diamonds from any conflict zone, but it would force changes in industry practices. That in turn will encourage countries and companies to use leverage to end atrocities committed against civilians by armies built with diamond revenues — atrocities that threaten to tarnish diamonds in the eyes of consumers. "The CARAT Act aims to support efforts underway by U.S.

and other policymakers, and to protect democratic countries that depend on diamond revenue from any collateral damage of a consumer backlash."

REAL POLITIK

At face value, the positions of the political establishment vis-à-vis the diamond industry appear simple and direct. The politicians want the diamond industry to stop buying diamonds from those who use their diamond income to purchase arms. Simply put, don't buy diamonds from people who buy guns. Furthermore, the political establishment wants the diamond industry to implement a system of auditable controls that will trace the flow of rough diamonds into the cutting centers so as to ensure that illicit "war diamonds" are not allowed to enter the legitimate diamond distribution channel.

The politicians are not shy about declaring their altruistic humanitarian motivations. They are also displaying a willingness to take their case directly to the consumer so as to force the diamond industry to boycott war diamonds.

Clearly the diamond industry is obligated to abide by UN resolution 1173, and it is in our interest to cooperate with the government to restrict the flow of money to areas of conflict. At the same time we should be aware that there is a real danger that the diamond industry, this writer included, may be manipulated by politicians whose real self-interest motivations extend well beyond, and might even conflict, with humanitarian considerations.

Consider the following questions. The UN takes the position that sales of diamonds by the Angolan government are legitimate even though the funds are used to buy arms and fuel the conflict in Angola. Is the UN manipulating the diamond industry to take sides in the bloody wars of Africa? Is there a humanitarian justification for this position?

Given the history of armed conflict in Africa and the role that the U.S. and other governments have played in supporting these conflicts in the past, shouldn't we question the true motivations of governments? If the governments wish to stop the fighting, why aren't they controlling the flow of arms? After all, it's much easier to control the movements of tanks, ammunition and fuel than small easily transportable diamonds. Why are arms merchants allowed to ply their trade in Africa? Why are oil companies allowed to do business and fund wars?

Is the diamond industry being used as a scapegoat, as an easy

“Our industry supports the notion that the diamond is a symbol of love, shouldn't we also support the diamond as a symbol of peace?”

target for manipulation by the political establishment because we sell a high profile product that they think can easily be damaged by negative publicity? Should we allow ourselves to be blackmailed to support the FAA (Angolan Armed Forces) against Unita? Are the motivations of the politicians humanitarian? Are they economic? Do they have anything to do with Angola's huge oil reserves?

Is the diamond industry being used by the political establishment as a shield, a fake target, a way to show the world that the politicians are supposedly doing something to end the war but in reality they are supporting the war through oil purchases and arms sales?

Frankly, the whole situation stinks. I don't know the answers to these questions. I don't know if there are any answers, if there is any way to stop the wars. What I do know is given the historic role of foreign governments in Africa, it is a good idea for the diamond industry to tread with great caution and to suspect the intentions of all parties involved in this issue. We must be very careful about how we allow ourselves to be manipulated. As the saying goes, the road to hell is paved with good intentions.

MORAL ISSUES

Frankly, I don't buy the idea that war in Africa is the fault of the diamond industry. Simply put, since the problems in Africa were created by foreign governments, it is their guilt trip not ours. At the same time I firmly believe that from a humanitarian and moral perspective, our industry must do everything it reasonably can to ensure that diamond money is not used to fuel conflict.

A few moral guidelines. No one has the right to dictate morality to the diamond industry. As an industry we must take responsibility for our actions and develop trade-wide practices that we believe are correct and moral. We should not allow political organizations to establish our moral positioning. We must not allow political organizations to use our industry to pick sides in wars. Regardless of short-term economic or political implications, we must always do what we think is correct. The ethics of our industry are more important than our diamonds, or our money.

Given the fact that people are dying, the diamond industry

must define the moral obligations we have to help limit the wars. Clearly we must comply with the law of the land in the form of government regulations and UN resolution 1173. Do we however, need to go out of our way to develop auditing and control systems for the flow of rough diamonds in our industry? How should we define “war diamonds” within the industry? Should our bourses take an active interest enforcing “war diamond” regulations?

If governments and NGO's are appealing to, and publicizing, the moral obligations of the diamond industries, then that is exactly what we should give them — a clear statement from our industry organizations detailing our moral position regarding war diamonds. We should seize the initiative and tell the world who we are and what we stand for.

Some argue that it is dangerous for our industry to take any moral position. After all where do we draw the line? Today it's Africa, tomorrow some NGO may demand we embargo Russia because of Chechnya or India because of a nuclear explosion. Frankly, we shouldn't be listening to NGO's; we should be listening to ourselves, to our own sense of right and wrong. Our industry is strong enough, honest enough and smart enough to take the correct positions and enforce them through our trade organizations.

We should promote a moral code that says diamonds should not be used to fund war. Any war. Let us be honest and consistent. De Beers' position embargoing all Angolan diamonds makes more sense than the UN's. Such embargoes should be extended to all countries that use diamonds to fuel war. If our industry supports the notion that the diamond is a symbol of love, shouldn't we also support the diamond as a symbol of peace?

ECONOMIC ISSUES

The positioning of the diamond industry regarding war diamonds has important supply and demand implications. On the supply side, a boycott of war diamonds will force legitimate firms out of conflict areas and increase the supply of illicit diamonds in the world markets. Black market diamonds are going to get very black and they will attract the worst people with the worst kind of money. It can be argued that the situation in Angola and other conflict areas will get worse if boycotts are enforced.

“ (Global Witness) simplistic approach is, no diamond sales, no money for guns, no war.”

From an economic perspective, the driving force behind a global boycott of war diamonds is the combined threat of adverse NGO publicity coupled with government regulations that have the potential to inhibit global diamond demand and restrict sales. While some firms are very concerned about this, others shrug off the threat.

There are two models to consider. Several years ago the U.S. government legislated sanctions against diamonds from South Africa due to apartheid. The sanctions did not stop the flow of diamonds into the U.S. as there was no way to isolate or identify a diamond's country of origin. Furthermore, there was very little consumer response. Consumers kept on buying diamonds even though no one could prove that the diamonds being purchased were not from South Africa.

Another model is the fur industry. Animal rights groups waged war against the fur industry with mixed results. Sales in the U.S. economy increased as economic growth spurred luxury products. In Europe, there was a significant decline in demand as the wealthy sought to avoid controversy.

It is reasonable to assume that damage to the diamond industry from negative publicity would be limited due to a number of factors. First of all the NGO's cannot justify an all-out campaign against diamonds because this would severely damage the diamond industries in non-conflict areas. Furthermore, since 95 percent of diamonds are non-conflict, the best a campaign could do would be to educate the consumer to demand a non-war diamond. This kind of campaign could hurt diamond demand if it got out of control, but it would do more to promote sales of non-conflict diamonds than limit sales of regular diamonds.

Of greater concern to the industry is the potential impact of government legislation designed to enforce the certification and documentation of diamond origin. While there are serious doubts if such legislation could be effectively created, governments are actively trying to find ways to restrict imports of war diamonds and enforce UN 1173. There is a possibility that governments will use import regulations to try and force the diamond industry to establish documentation that insures the segregation of war diamonds from other diamonds.

Congressman Hall's proposed legislation is symptomatic of the role that government is seeking to play. Hall wants to force the diamond industry to alter trade practice and document the source of all diamonds. From a practical perspective this is

impossible. How does one document a tennis bracelet from India with 10 pointers? What about your grandmother's diamond ring? Hall's real intention and accomplishment is to raise the issue of war diamonds in Congress and to put the industry on notice that government can make things difficult for the diamond industry if we do not seriously relate to the war diamond issue.

The bottom line is that the diamond industry does not need or want conflict with government or NGO's. It is in our economic interest to cooperate and find reasonable and responsible ways to deal with war diamonds. As the CSO's Gary Ralfe explained in Antwerp last week, 2 percent of global diamond production should not be allowed to threaten the economic viability of the other 98 percent.

PRACTICAL CONSIDERATIONS

The industry must relate to two issues in the near future. First, we need a definition of war diamonds. The definition should be based on a consistent moral principle and it should detail specific areas of conflict to be embargoed. Second, the industry must take a position on the viability of differentiating war diamonds from non-war diamonds. Can the importing, manufacturing, and exporting of diamonds to and from the cutting centers be handled in such a way as to ensure that war diamonds are excluded from the regular diamond distribution pipeline? How can this be accomplished?

The proper forums for these discussions and decisions are the International Diamond and Manufacturers Association (IDMA) and the World Federation of Diamond Bourses (WFDB) in consultation with the UN, governments, NGO's and the trade.

CONCLUSION

The diamond industry is facing one of its most difficult and important challenges. We are confronting a humanitarian problem of the highest order as it involves the lives of innocent people. This is a problem that has no easy solution and requires the highest level of moral consideration.

We call on the diamond industry to discuss, debate and resolve this critical issue. Let us call our best people together. Let us use our hearts and minds to come up with the best solution. Let us have the courage to do what is right. ♦

Rapaport Group Profile

The Rapaport Group is an international network of companies actively involved in many aspects of the diamond and jewelry trade. The Group maintains offices in New York, Las Vegas, Antwerp, Vicenza, Ramat Gan, Mumbai, Hong Kong and Dubai.

The group's publishing and information services division is best known for the Rapaport Diamond Report. The report, established in 1978, is the primary source of diamond pricing and market information to the diamond trade and is distributed to the diamond and jewelry trade worldwide. It includes the Rapaport Diamond Price List, which is the international stan-

dard used to establish prices in all diamond markets worldwide.

The Rapaport Group also operates RapNet®, INDEX® - Internet Diamond Exchange (an online electronic diamond market) and DRMI (Diamond Research and Marketing Institute).

Rapaport Research, the group's research and marketing division, provides detailed market information and analysis to companies that seek to promote their products and expand market share. Our staff includes experts in branding, distribution and sales that have many years of experience in the diamond and jewelry trade. Research and marketing services are primarily focused on the U.S., Hong Kong/China and Japan.

Rapaport Biography

Martin Rapaport has a degree in Business Administration and a strong background in Economics and Computer Sciences from post-graduate studies at New York University.

He learned the rough diamond business in Antwerp, Belgium, having apprenticed as a diamond cleaver and rough sorter. He studied polished sorting, grading and pricing in Antwerp, Israel and New York including completion of the GIA's diamond grading course.

Mr. Rapaport's career in the diamond industry started when he began brokering rough and polished diamonds in New York in 1975. In 1978 he established the Rapaport Diamond Price List, which has become the primary source of diamond price and market information for the diamond trade. Over the years the price list expanded into the Rapaport Diamond Report, a monthly magazine that provides extensive reporting on the diamond, gem and jewelry industries. In 1982, Mr. Rapaport established Rap-

Net®, an online interactive diamond trading market that has since expanded to include Diamonds.Net and INDEX® - the Internet Diamond Exchange, an electronic market for diamond trading. INDEX® currently lists over 300,000 diamonds for sale with a value in excess of US\$2.4 billion. He has continued to expand his business interests in various aspects of the diamond, gem and jewelry industry, including, diamond certification, shipping and jewelry distribution.

Mr. Rapaport has lectured extensively around the world. He has served as an expert witness for the U.S. Federal Trade Commission and Justice Department. He has also consulted for various governments, Wall Street firms, mining companies and other firms in the diamond and jewelry industry.

Mr. Rapaport is a member of the World Diamond Council; and has played an integral part in the establishment of the Kimberley Process. He is a strong advocate of diamonds for development and an ethical diamond trade.

MEMBERSHIPS

- World Diamond Council (WDC)
- Development Diamond Initiative
- Peace Diamond Alliance
— Sierra Leone
- Diamond Industry Steering Committee (DISC)
- New York Diamond Dealers Club (Director 1984-1990)
- U.S. Diamond Manufacturers and Importers Association
- Israel Diamond Exchange
- Israel Diamond Manufacturers Association
- India Gem and Jewelry Export Promotion Council
- Dubai Diamond Exchange
- Jewelers Board of Trade
- Jewelers Vigilance Committee
- International Society of Appraisers

