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AHEAD OF COP21, FOREVERMARK CEO, DE BEERS GROUP AND THE WORLD'S LEADERS IN THE DIAMOND INDUSTRY SPEAK AT THE OMUGONGO, INTERNATIONAL DIAMOND CONFERENCE

Broad expertise in the field of diamond met in the Namibian capital, Windhoek. The second International Diamond Conference (also known as Omugongo: A Cut Above The Rest), this year brought together more than 150 worldwide stakeholders, Honourable Ministers, industry experts, academics, business leaders, manufacturers and the media. Their goal: to discuss challenges facing diamond beneficiation in Southern Africa: How to make this industry viable and sustainable.

The two-day successful conference was hosted at the Safari Hotel in the capital Windhoek on November 23rd - 24th. During the conference, the **National Earth Science Museum at the Ministry of Mines and Energy** showcased some prestigious pieces of the **Shining Lights Diamond Design Collection**, some crafted by award-winning Namibian designers. At the exhibition, **Simeon Niilenge Negumbo**, Permanent Secretary of the Ministry of Mines and Energy, launched the Diamond Book of Namibia *"A Beautiful Journey"*.

In his speech, themed *"Diamond Beneficiation: Think global. Think Local."* **Stephen Lussier, Forevermark CEO, De Beers Group** – said: "Of course, it's been a really tough time in the beneficiation sector but let me start by stressing that we absolutely recognise this. We fully understand and appreciate our government partners' ambitions and desires when it comes to beneficiation and we are committed to playing our role in helping achieve these ambitions. Namibia's success is our success; that is why achieving sustained beneficiation targets, is as much a key strategic priority for us, as it is for Government. We are also under no illusion concerning our producer partners' need to earn a return on their capital to be sustainable."

He Continued: "I believe that the fortunes of the Namibian beneficiation sector would be better served via an approach that may sound simple, but is in fact extremely complex: driving polished diamond value growth. This argument was recently made rather eloquently by one of the leading representatives of the diamond-banking sector, **Erik Jens of ABN AMRO**. Erik noted that the entire midstream would benefit most from looking at how to increased polished prices, rather than lobbying to push down rough prices. Clearly this would also support the prospects of those operating in beneficiation centres, but it is easier said than done."

Industry expert **Chaim Even-Zohar**, who moderated the panels at the conference, said that despite the downturn, Namibia is still in a strong position. He argued that the country produces some of the best quality diamonds in the world, which often sell for high prices.

Namibia is a world leader in marine diamond mining, with an estimated 1.5 billion carats on its seabed. The Namibian government and De Beers Group have 50:50 equal shareholding in the Namibia Diamond Trading Company, with De Beers supporting the domestic cutting and polishing industry in the country.

“I’ve been privileged to come to Namibia since the first elections at Independence over 25 years ago, and am struck always not only by the spirit of continuing friendship, but also by the sense of resolute and responsible leadership—leadership evident in politics and society at large, as well as in governance of the diamond sector in particular. In this country, there is no “resource curse”; and prudent Government action over two decades has resulted in progressively increasing benefits from the nation’s diamond patrimony” said **Maurice Tempelsman, Chairman of the board of directors of Lazare Kaplan International Inc. (LKI)** “Part of leadership lies of course in recognizing that history provides no reliable trajectory—that past success offers no guarantee of future progress”.

He then called for structural shifts: “...beneath the economic storms of the present, which I think we can all assume will at some point give way to clearer weather, I believe that the ground is shifting under our feet—indeed, already has shifted, so that the foundations we used to rely upon not only are no more, but pose active dangers. And it is on these structural shifts that—with your indulgence for my candor—I would like to focus my remaining remarks”. “And here I must register my frank concern at several recent developments: the “gaming” of the polished diamond certification system, which undermines a key pillar of consumer confidence; the fraudulent “salting” of parcels of natural polished diamonds with synthetics; and the relative absence, despite all the good effort invested in the Kimberley Process, of a mine-to-finger chain of custody sufficient to satisfy buyers—particularly those whom Namibia and most of us here should be most concerned with, namely buyers of high-end jewellery where diamonds form the centerpiece.”

“we must think of a security agency with no essential stake in the health of our industry, with a power and driven by a purpose that leaves us with no room for complacency”. “The point is not to apportion blame, but to observe that new structures, new relationships, new ways of thinking and operating, have to be forged in an industry which may have its eyes on the future but remains restrained too much by the dead hand of the past”. He then concluded: “I believe this to be a matter not just of political inevitability, but of intellectual and strategic necessity. There are resources which sovereigns can bring to bear that the industry cannot; nor can we in the private sector pretend that we have all the answers, or that matters are best left to ourselves alone.”

Burhan Seber, Honorary Consul Republic of Turkey; Managing Director Hard Stone Processing (Pty) Ltd.; Former President of DIAMAN, highlighted the distress experienced by manufacturers: “The industry is in crisis. Manufacturers have been facing crippling challenges since 2011. These and added troubles have brought the complete diamond pipeline under critical strain and to a tipping point.”

He continued: “There is very little doubt that the current model has failed. Is ‘beneficiation’ over?” “Take away profit, and there can be no beneficiation. In hard times, when companies regroup and consolidate towards their power base, their foreign investments tend to be the first out. Beneficiation is not an act of charity, but an act of sharing. “

The Diamond Commissioner of Namibia, Kennedy Hamutenya, expressed the national sentiment around Beneficiation: “We want to be part of the downstream business, we want to know what happens to the value of our diamonds”.



“The opportunity cost for us is the polishing and cutting diamonds elsewhere, losing a major chunk of share on the pipeline”, “We need the bulk of our Namibian diamonds to also work for us, to create job opportunities, to transfer skills, to transfer technology, to bring to Namibia more value added, foreign exchange revenue...”

The conference concluded with a prestigious Gala dinner, addressed by **RT Hon. Dr Saara Kugongelwa Amadhila, Prime Minister of the Republic of Namibia**, which hosted over 300 people at the Parliament Gardens of the capital.

LucyMay Lubrani, Strategist and Business Development Manager at Ogilvy & Mather Namibia, said: “Overall the conference was an accomplishment, that shows how Namibia can handle world class conventions. On behalf of the Organizing committee we would like to thank once again the Namibian Police and NDTC, for the successful way they secured the conference, allowing all stakeholders to focus on the crucial topic at hand with peace of mind”.

Note:

Spearheaded by the Minister of Mines & Energy, **Hon. Obeth Kandjoze** - and the Diamond Board of Namibia, which was represented by the Diamond Commissioner **Kennedy Hamutenya**.

Among those who addressed the conference were:

Chaim Even Zohar, (Moderator), Principal of Tacy Ltd; **Pranay Narvekar**, (Co-Moderator), Partner at the Management Consulting company Pharos Beam Consulting LLP; **Maurice Tempelman**, Chairman of the board of directors of Lazare Kaplan International Inc. (LKI); **Stephen Lussier**, Executive Vice President; Forevermark CEO, De Beers; **Ernest Blom**, President, World Federation of Diamond Bourses (WFDB); President, Diamond Bourse, Johannesburg, SA; **Burhan Seber**, Honorary Consul Republic of Turkey; Managing Director Hard Stone Processing (Pty) Ltd.; Former President of DIAMAN; **Hon. Walter Chidakwa** - Minister of Mines and Mining Development, Zimbabwe; **Professor Roman Grynberg**, Professor Economics & Management Sciences, University of Namibia; **Cecil Khosa**, General Manager: Regulatory Compliance for the South African Diamond and Precious Metals Regulator (SADPMR); **Karen Rentmeesters**, Manager Communications, Antwerp World Diamond Centre (AWDC); etc.

OMUGONGO definition: A great tree under which society comes together to discuss matters affecting the community in a democratic manner.

Links:

- <http://www.diamondsnamibia.na/omugongo/index.html>
- <http://www.mme.gov.na>
- <http://www.mti.gov.na/invest.html>
- <http://www.ogilvy.com.na>
- <http://www.diamondintelligence.com>

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