

Address at the World Federation of Diamond Bourses Presidents Meeting

Dubai, UAE April 13, 2011

Mr. Thabo Mbeki

Director of ceremonies,
Presidents of the Diamond Bourses,
Your Excellencies Ministers and Ambassadors,
Hon Minister Mathieu Yamba, Chairperson of the Kimberley Process,
Distinguished participants and guests:

First of all I am honoured to convey my thanks to the Executive Chairperson of the Dubai Multi-Commodities Centre, the Hon Ahmed Bin Sulayem, and the Chairperson of the Board of Directors of the Dubai Diamond Exchange, the Hon Peter Meeus, for inviting me to address this important WFDB Presidents meeting.

I would also like to take this opportunity to thank both of them for taking the initiative to organise and host the WFGB African Summit Meeting which took place earlier today.

I am indeed very pleased that African government ministers and other African delegates put aside everything to attend the Summit Meeting.

I am certain that all of us have already had occasion warmly to congratulate our friends from Dubai for their outstanding success in terms of developing Dubai, within a relatively short period of time, into one of the major players in the diamond industry.

As I understand it, the volume of trade handled by the Dubai Diamond Exchange last year has placed Dubai among the top four diamond trading centres in the world.

It is a matter of common knowledge among us that Africa is a major source of diamonds, accounting for an estimated 65 percent of world production.

It is therefore very natural that we, as Africans, should work further to strengthen our relations of partnership with Dubai as a major diamond trading centre, and therefore also with the United Arab Emirates as a whole.

It is in this context that once again, we would like to express our appreciation to our Dubai friends for hosting the African Summit Meeting, thus to place high on the agenda of this important meeting of Presidents of the Diamond Bourses matters relating to the diamond industry which are of concern to us as Africans.

In this regard I could perhaps mention that during the years I served in the government of South Africa, the two governments of the UAE and our country engaged each other in conversation to see in what ways they could cooperate to encourage closer economic cooperation between the UAE and Africa.

At the broader level, this was consistent with the vision projected by the Sirte Declaration issued at the conclusion of the October 2010 African-Arab Summit Meeting.

That Declaration affirmed the “desire to promote relations between Africa and the Arab world, boost cooperation between them, and establish a strategic partnership”.

As part of that cooperation, it emphasised “the importance of establishing channels of promoting and ensuring bi-regional investment, developing capacity in seeking and identifying opportunities for investment, monitoring the investment environment, addressing all difficulties and obstacles facing investors, and widening the scope of present mechanisms to ensure investment in both regions...”

I mention all this to make the statement that I am convinced that the Dubai Multi-Commodities Centre and the Dubai Diamond Exchange can play an important role in helping to translate this dream of African-Arab cooperation into reality.

For a number of decades, because of what was happening on our Continent, many in the world entertained a negative view about the future of Africa.

However I would like to believe that changed and changing facts on the ground in Africa have, at the minimum, begun to dissipate that pessimism about the future of our Continent.

In this regard it is important to mention the progress that Africa has made since the 1990s to confront the important issue of its democratisation.

I am happy to say that today the majority of countries on our Continent enjoy democratic systems of government, which has also helped us to address the important issue of peace and stability, as democratic governance expands the space for the peaceful resolutions of social conflicts and tensions.

In this regard I am also pleased to say that the mere fact that today we can count the violent conflicts in Africa on the fingers of only one hand demonstrates the reality that in the main Africa has become a Continent at peace with itself.

In this regard I am certain that many of us here would have taken note of the achievements the Sudanese people have made in terms of finally ending a civil war which raged for forty years

and progressing towards the establishment of relations of friendship and cooperation between the peoples of North and South Sudan even as they live in two sovereign states.

I am also happy to say that these eminently positive developments relating to democracy, peace and stability on our Continent have been accompanied by a sustained turn-around in terms of the African economy.

As I did at an African Business Conference only 11 days ago, I would like to draw the attention of this important Meeting to comments about the African economy made by the McKinsey Global Institute and others.

In its June 2010 Report entitled, "Lions on the move: The progress and potential of the African economies", McKinsey says:

"Africa's collective economy grew very little during the last two decades of the 20th century. But sometime in the late 1990s, the Continent began to stir...Today, while Asia's tiger economies continue to expand rapidly, we foresee the potential rise of economic lions in Africa's future...

"The key reasons behind Africa's growth surge were improved political and macroeconomic stability and micro-economic reforms. To start, several African countries halted their deadly hostilities, creating the political stability necessary to foster economic growth. Next, Africa's economies grew healthier as governments lowered inflation, trimmed their foreign debt, and shrunk their budget deficits.

"Finally, Africa governments increasingly adopted policies to energise markets...Although many governments still have a long way to go, these important first steps enabled a private business sector to emerge.

"Today, while individual African economies could suffer many setbacks, our analysis suggests that the continent's long-term growth prospects are strong, propelled by both external trends in the global economy and internal changes in the continent's societies and economies."

This trend was confirmed by the 2010 African Economic Outlook prepared jointly by the African Development Bank, the OECD and the UN Economic Commission for Africa.

The Outlook reports that:

"Overall, the African continent has shown a remarkable resilience to the global crisis. While in many other regions output levels declined in 2009, growth in Africa remained positive and Africa has also emerged from the crisis faster and more robustly than in the past and than most other regions. Growth will reach 4.5 percent in 2010 and increase further to 5.2 percent in 2011...All African regions will achieve higher growth although the recession will leave its mark."

The assessment and projections made by McKinsey and the African Development Bank and its partners were also confirmed in a 2008 World Bank paper written by Jorge Arbache, Delfin S. Go and John Page entitled “Is Africa’s Economy at a Turning Point?”

The paper says:

“There is something decidedly different and new about the economic landscape of Sub-Saharan Africa. After stagnating for much of 45 years, economic performance in Africa is markedly improving...

“Countries with at least 4 percent GDP growth now constitute a sizeable portion of Sub-Saharan Africa – about 70 percent of the region’s total population and 80 percent of the regions GDP...

“The current growth episode has...lasted 12 years altogether, a period that is neither trivial nor brief...

“There is...evidence that economic growth is accelerating and registering across several types of countries, not just oil-exporting and resource-rich countries, but also oil-importing, landlocked, and – to some extent – fragile countries.”

The paper asks the question - “Is the growth failure in Sub-Saharan Africa finally reversing?” and answers it by saying:

“An upward shift in the recent growth rates suggests that a trend break may have taken place around the mid-1990s.”

So confident is McKinsey about the growth prospects of the aggregate African economy that it predicts that African consumer spending will grow from \$860 billion in 2008 to \$1.4 trillion in 2020, while GDP will grow from \$1.6 trillion to \$2.6 trillion during the same period of 12 years.

Needless to say, this meeting will know that Africa’s considerable natural resources, including diamonds, made an important contribution to the sustained economic growth and development we have spoken about.

Given the relatively firm foundation it has built for further economic growth and development, it is inevitable that the African continent will focus on what else it should do to accelerate that growth and development.

For a long time Africa has looked forward to the time when it would cease to relate to the rest of the world as a producer and exporter of raw materials by adding value to the raw materials it produces.

I say this to emphasise a proposition I am certain you have heard many times. This is about the need for the diamond industry as a whole to work as practically as possible to assist Africa to progress towards cutting and polishing larger volumes of the rough diamonds it produces.

Obviously this would have to take into account the economic considerations which attach to this matter, including labour costs and access to the appropriate technology.

In this regard, I am certain that all of us have drawn the necessary lessons from what has happened over the years resulting in the migration of value adding processes from Israel and other areas to such countries as India and China.

However, Africa's interest further to accelerate its economic development, and therefore its continuing focus on the challenge of the eradication of poverty, by adding value to the diamonds it produces, were re-emphasised at the recent meeting in Botswana held on the margins of the Presidents Meeting of the International Diamond Manufacturers Association.

I am certain that a positive response to Africa's call focused on helping to create the African lions of which McKinsey spoke, through adding value to its raw diamonds, would both benefit the diamond industry as a whole and reinforce the growth and development of the global economy.

I am equally certain that everybody concerned should take seriously Africa's views about the resolution of the current standoff in the Kimberley Process, centred on the issue of Zimbabwe diamonds.

One of the critical points to bear in mind in this regard is the fact that the core objective of the Kimberley Process, to end the practice of the use of illegally mined diamonds to fund and prolong deadly wars, was of primary concern to us as Africans, first and foremost.

Africa's determination in this regard has not diminished. I am therefore certain that Africa, including the African Diamond Producers Association, would not support or advocate the production and sale of diamonds, especially African diamonds, contrary to the spirit and purposes of the Kimberley Process.

In this regard I am certain that it will not help anybody, including you, the distinguished participants at this Presidents Meeting, that the Kimberley Process is politicised, to advance objectives other than those originally agreed at the Diamond Capital of South Africa, Kimberley, which gave its name to the Kimberley Process.

In this regard I believe that all of us should take on board the weighty observation made by the Chairperson of the Kimberley Process, Minister Lapfa Lambang Mathieu Yamba, in his Notice of March 19, that, "the cessation of exports in the KPCS must be subjected to a more credible mechanism which includes verification of allegations and due process."

I believe that it was exactly to ensure such verification of allegations as well as due process that a high-level delegation of the African Diamond Producers Association visited the Zimbabwe diamond fields earlier this month, led by the South African Minister of Mines and Mineral Resources, Hon Susan Shabangu, who is here with us.

I sincerely hope that the current dispute affecting this Process will be resolved soon to avoid its breakdown, an eventuality which I am convinced nobody would desire.

Once more I thank you most sincerely for inviting me to join you at this important meeting and wish the World Federation of Diamond Bourses success as it works to achieve the further growth and development of the diamond industry, which should also benefit especially the millions of Africans who continue to live in degrading conditions of dire poverty.

Thank you.