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SARS unlikely to have long-term effect on diamond market, says WFDB president

Ramat Gan, ISRAEL: May 9, 2003 – While there have been reports in the major diamond trading centers of a slowdown in business as result of public concern about Severe Acute Respiratory Syndrome (SARS), there is unlikely to be any long-term effects on the diamond business, said Shmuel Schnitzer, president of the World Federation of Diamond Bourses (WFDB).

“Those countries and territories that have born the brunt of the SARS virus to date are all important from the perspective of the diamond community,” Schnitzer said, “so the fact that we are experiencing a certain degree of market anxiety hardly comes as a surprise. But essentially it is not SARS that is having an effect on sales, but rather the public’s fear of SARS. On the other hand, the growth of the diamond business in China and Southeast Asia has always been based on sound economic fundamentals, and these all remain. Therefore, I am confident that we are witnessing what is an admittedly unpleasant but altogether temporary effect.”

“What is important right now is that we stand by our colleagues in the affected regions, and offer them the support that they need during this period,” Schnitzer continued. “While obviously all must be done to halt the spread of the virus, overreacting may do more damage than good. If travel is temporarily restricted, there are tried and proven alternative methods of moving goods and doing business. In fact, we have sent out letters of support to our colleagues in Hong Kong, Shanghai and Singapore, stating that the WFDB will do all it can to facilitate the continued trade between the various centers. The whole purpose of an organization like the WFDB is to facilitate business among diamantaires who live and work great distances from one another. We have been through periods like this in past, and coped very well.”

The diamond business traditionally has proven itself able to withstand adverse developments, Schnitzer said. “After the 9/11, pessimists immediately wrote off the holiday shopping season, which was barely three months away. Fortunately, they were proven wrong,” Schnitzer noted.

In Schnitzer’s opinion, the market still had time to recoup the losses it had experienced as a result of SARS. “Ultimately, people are rational, and the markets are flexible. As more about the virus is learned, the psychological effects of the crisis will dissipate. I am confident that the diamond business will return to normal and even improve toward the holiday season,” he stated.

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