



It's a  
small

world

After All

The Antwerp Diamond Bourse



The World Federation of Diamond Bourses (WFDB) was founded in 1947. Its aim was to create a unified body to provide a set of rules for bourses trading in diamonds – both rough and polished – and colored stones to abide by and to champion the collective interests of the diamond trade. From a handful of bourses in its earliest days, the WFDB has grown to include 28 bourses – and counting – from a diverse range of countries as the desire for diamonds continues to grow.

*IDEX Magazine* editor-in-chief Danielle Max spoke to WFDB president Ernest Blom about some of the changes taking place in the WFDB and to Rami Baron, a member of the executive council of the WFDB about one of the organization’s initiatives – the World Diamond Mark.

## The World Federation of Diamond Bourses

**Danielle Max:** How do you see the role of diamond bourses changing?

**Ernest Blom:** The role of diamond bourses is changing, but I think their role is becoming ever more important as the diamond trade evolves. As trade is progressing and becoming more global, and communications are more instant and the way we do business is changing, the way the bourses operate and how they operate is becoming ever more important.

For example, here in South Africa, people are coming to the country on a weekly basis to attend both rough and polished tenders, but before I would take on a new client or deal with someone, I would want to know that they are a member of an affiliated

bourse. The bourses offer a controlling aspect and also provide oversight.

**How is the role of the WFDB itself evolving?**

The WFDB offers a support function to all the bourses. It helps to protect integrity and has assumed a leadership role. This role is becoming more relevant in today’s trading environment as it helps protect the interests of member bourses.

**Do you still see a need for the diamond bourse in the traditional sense, or do you think that developments in technology, online trading and so on makes them something leftover from a previous age in the industry?**

There will always be a need and necessity for bourses in the traditional sense, although bourses will need to be innovative and ahead of the curve when it comes to technology, online trading and innovation.



Ernest Blom

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If we look at online trading the potential challenges faced there are numerous and if it were not for the bourses, there would be no mechanism in place to remedy any problems. Communication is also a very important aspect and this is where a bourse plays a vital role in reaching the members.

As I said earlier for the bourses themselves to remain relevant they need to stay abreast of the latest developments in this field. Tradition and technology need to be married so as to create a sustainable future for all.

**Why are new bourses in such unlikely countries as Panama and South Korea, countries without a traditional heritage of diamond consumption, joining the WFDB?**

A lot of new diamond-consuming countries have heard about us. They are more aware of what is happening in the diamond world, and they have a desire to be part of a global body.

Countries such as Canada and South Korea, for example, understand the benefits of being affiliated with the WFDB. Panama sees itself as the gateway to South America and wants to have a foothold on that continent, while South Korea is actually a very large consuming market.

**Where do you see the new diamond consuming markets coming up from?**

That's a good question. I wish I had a crystal ball to see the future! I think that South America is going to open up. Brazil especially has a very strong economy at the moment.

**In Istanbul, it was again posited that the WFDB should become involved in setting up a pavilion at international trade shows where members can exhibit under the WFDB umbrella. What would be the benefit of such a move?**

Many members find that exhibiting at a trade show or fair is just too costly.

The idea, therefore, is to take space at various trade shows – which ones we haven't decided yet – and then rent space to members who are not able to exhibit under a national pavilion. We will probably implement the idea at the next committee meeting and make the facility available for members.

**Another important issue is the lack of women in the industry. How can the WFDB help to increase the number of women involved in the trading level of the pipeline? Why do you think it is that there are no women represented in the major positions in the industry?**

I am extremely unhappy that there aren't enough women in the industry. We need more women involved in leadership roles in the individual bourses, as the WFDB doesn't directly say who is on its boards; we get the people elected by the bourses.

I would certainly like to see more women taking part in executive positions, and how to get them to do so is a vexing question.

One of the things I intend to do is to encourage younger members to get into the administration side of the bourses. Hopefully this will also appeal to women.

**Is there anything else you would like to add?**

I am positioning the WFDB to take up a leadership role in the diamond industry. There is a definite role for us as a leader, as the WFDB is the largest industry organization.



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## The Role of the WFDB

The object of the World Federation of Diamond Bourses is to protect the interests of affiliated bourses and their individual members, and to further the amicable settlement or arbitration of differences and disputes between the individual members of the affiliated bourses and between the affiliated bourses.

To further this aim, the WFDB participates in the promotion of world trade and encourages the establishment of bourses, with the view of eventual affiliation of all centers where diamonds are actively traded.

Members of the bourses affiliated with the World Federation of Diamond Bourses pledge themselves to uphold the traditions, principles of mutual trust, consideration and friendship which prevail among the members of the bourses worldwide. They pledge themselves to abide by and hand down these principles and to ensure that they will forever serve as a basis in business relations between members of the affiliated bourses worldwide.



Rami Baron

## The World Diamond Mark

### What is the World Diamond Mark designed to do?

**Rami Baron:** In simple terms, the goal of the World Diamond Mark (WDM) is to ensure the health and growth of the diamond and jewelry industry worldwide. It will create a new tier of membership for the diamond retailer within either their local bourse or participating jewelry organization. Through a simple and pragmatic system, the diamond retailer will become an accredited Authorized Diamond Dealer.

Hand-in-hand with this strategy, we have invited a major credit card company to become the official partner of the diamond industry. The benefits of this relationship are twofold: reduction in credit card fee transactions and the tremendous marketing know-how that credit card companies can bring to the table.

The marketing campaigns will be funded by two sources: retail membership fees and an equal contribution from upstream participants, such as producers and interested parties who will see clearly and transparently that they are not being expected to shoulder the burden alone of funding such a plan, as clearly this is not their sole responsibility. The funding will be shared equitably, as will the spend on marketing programs.

Just recently, India officially threw its support behind the initiative with a commitment of funding.

**The Mark seems to be taking quite a bit of time to get off the ground. What is holding it back? Is it due to the death of Freddy Hager, who was very involved in the project?**

I was brought up on the slogan “all good things come to those who wait.” The size and scope of this project means that if we didn’t take our time, we would overlook critical components. There is a need for the whole industry to understand and support the World Diamond Mark willingly and not from duress or lip service, but to truly appreciate the enormity of the project, and the dire consequences if we do not follow through.

We constantly say our goal is to be inclusive not exclusive...but what does this mean? It means, I want you to be part of the WFDB family if you are in the diamond world, and if you are a diamond retailer, I want to share with you our vision, which is that only together we grow this industry.

Gone are the monopolies. Everyone wants a piece of the pie, but the World Diamond Mark’s role is to insure this pie is fresh, healthy, and for want of a better word “Kosher and Halal” for our consumers.

People and other entities, whether they are major players or organizations, need time to understand that the WDM is in their interest and not competition to whatever they are doing to promote their own brand of diamonds.

One of the reasons we have taken so long to bring this to the market has been the creation of legal entities and

the authority entrusted in them to be able to deal in multilegal jurisdictions.

To launch this project, we need to be very sure we have the right team and sponsors, so that we do not get involved in the backlash of different problems being faced by the industry today.

Freddy Hager was a visionary, and when I first came to him with the initial ideas, he used his force of will to make everyone sit up and listen, [and understood] that there are new ideas on offer, and so he acted as a catalyst. He is sorely missed by all.

### **How is it designed to deal with the evolving trading reality, for example, online trading, sales and auctions?**

Online trading is not a barrier – it's just another method of selling to the consumer. Every retailer decides for themselves where and how they want to sell. Our role is to create excitement, imbue trust and confidence to the consumer to choose diamonds for their luxury acquisition, at the same time, looking to deal with an Authorized Diamond Dealer when they do so.

Those who participate in the World Diamond Mark program will have a clear and obvious competitive advantage in the eyes of the consumer.

### **In 2011, you presented a plan for expanding the Mark to the retail sector. Can you talk about that? Where does that stand?**

I think if I expand on what I said previously, we need to agree that the retailer is the “face of diamonds to the consumer.” The obstacle that retailers face is that they have neither resources nor all the skill sets to deal with the enormous change occurring in our industry.



It becomes glaringly obvious that if the WFDB, through our new marketing arm the World Diamond Mark, does not assist the jewelry retailer, then we leave ourselves open for someone else to do so. This could be any other luxury product that steps in to provide tools and marketing to make the retailer's life easier and more profitable.

### **Is there anything else you would like to add?**

We feel that we have ignited a spark, which has begun to smolder. Obviously there is a degree of caution, and rightly so as this is an ambitious program. We saw previous attempts, such as the plan by the International Diamond Board, which never got off the ground. The diamond industry cannot afford to let this happen again.

We are fortunate that our current president, Ernie Blom, has the vision and appreciates the importance of this initiative. Together, we are driving forward to execute this tremendous game plan. Only together will we take the diamond industry into an exciting and highly profitable phase of its evolution as the premier symbol of love to consumers worldwide.

