



Can Global Talks Create National Solutions?

By Albert Robinson

Recently, I attended the 36th World Diamond Congress (WDC), the biennial meetings of the World Federation of Diamond Bourses (WFDB) and the International Diamond Manufacturers Association (IDMA) in Antwerp. While it is somewhat embarrassing to admit that this was the first time I have attended the Congress, I heartily recommend it.

For one thing, there is full access to the WFDB meetings as well as to the heads of all the WFDB-affiliated bourses – which now number 30 – as well as to the presidents of the 15 diamond manufacturing associations from across the globe. It's difficult to think of a more cost-effective way of bringing together the elected officials of all the bourses and manufacturing associations to spend a concentrated period of several days discussing the hottest topics on the industry's agenda in depth.

In addition, there were other diamond and jewelry industry figures in attendance, as well as ministers from Zimbabwe and Namibia and senior Belgian officials. All of these people and the discussions they held gave excellent insights into the direction industry leaders are leaning on key issues.

It was also refreshing to see the excitement and enthusiasm of the participants and their evident deep concern for the matters under discussion – from how to leverage social media to how to secure more bank financing.

More cynical observers suggested that the event is a talking shop, with well-known themes coming up for debate again and again: shrinking bank credit, undisclosed lab-grown diamonds being mixed into parcels of natural stones and razor-thin margins making survival an everyday issue for some companies, particularly the small and medium-sized operations.

Then there was a short explanation and debate on the World Diamond Mark – again, not exactly breaking news, but a useful refresher for some. Similarly, mention was made on several occasions of the contentious Precious Stones Multi-Stakeholder Working Group (MSWG). Large jewelry organizations attempting to crush smaller firms and even the suggestion that the US State Department is trying to run the world were among the more emotional responses from some attendees.

The announcement of the formation of a Presidents Forum, made up of the presidents of CIBJO (the World Jewellery Confederation), the WFDB, IDMA and the World Diamond Council (WDC) suggested a broad response could be harnessed to hold talks with the MSWG. However, WFDB president Ernie Blom said that although the WFDB and IDMA would be taking part, he was not so sure about the positions of the WDC and CIBJO. "We have decided that we need to be part of the process, so that we can work from within and not without."

This appears to be a sensible position, and perhaps should have been adopted earlier in order to put a halt to

the scheme, which is generally regarded as unworkable and destructive.

Despite the re-working of several themes, there were powerful statements. One came at the beginning of the Congress, when Minister-President of Flanders Kris Peeters, warned of the “catastrophic” impact that sanctions relating to the diamond industry could have. The European Union has discussed possible sanctions against Russia, and that would clearly be disastrous for Antwerp, where around two-thirds of Alrosa’s diamonds are marketed.

As Peeters pointed out, “Diamonds are our region’s [Flanders] and country’s calling card. They provide work for 35,000 people in the Antwerp area alone. Sanctions would be a catastrophe.”

Blom took up the issue on the final day, saying he did not believe sanctions had helped any issue and that he hoped they would not be imposed on Russian diamonds.

AWDC president Stephane Fischler reiterated this belief saying that he believes the EU understands the importance of Russia and Alrosa. “We do not believe that sanctions will be imposed. They are counter-productive. Sanctions would hit the whole diamond pipeline, not just the Antwerp industry.”

But are these discussions only heard by an audience of the converted, or also by the policymakers who are making the decisions that affect our industry?

During a recent visit to Israeli Sightholders, as part of a global tour by senior De Beers officials led by Paul Rowley, De Beers vice president of Global Sightholder Sales, the delegation received a detailed briefing from Israel Diamond Exchange president Shmuel Schnitzer about the discussions held at the WDC meetings. In a separate meeting, Rowley commented that it was important for De Beers to hear this industry-related information.

Can one, therefore, assume that other producers, banking officials, retail jewelers, government officials and members of our industry are keeping a close eye on the discussions and the issues of concern?

One bourse president said the talks would simply join those of previous WDC meetings held over the past 70 years or so, documented at length and then kept in a dusty drawer somewhere for diamond industry historians to pore over at a later date.

“I may just be cynical, but one never really sees any practical outcomes from these meetings,” he said. “There are different countries and groupings that have different interests. There is no real cohesion that would enable firm steps to be taken. On the issue of bank finance, for example, diamantaires in some countries receive credit relatively easily while in other countries, it can be close to impossible, especially for small and medium-sized firms. Some leaders take the view, ‘Why should I fight to make it easier for my competitors to receive financing?’”

Another exchange president, while admitting that no firm action on any particular issue was likely to be taken, explained that was not necessarily the aim. “The Congress, as with the other international meetings, is a time for smiles and handshakes, of course, but also for earnest discussion. You hear many different opinions, some of which you had never thought of yourself. That is not only useful; it can sometimes spark an idea that can help your bourse,” he said.

“The bottom line is that we are all fighting for our individual bourses, but we also show solidarity by coming together to think of ways of helping the industry all around the world. And, it’s important to remember, we are all doing this voluntarily,” he said.

“None of us is getting paid. On the contrary, we are spending days away from our businesses because the health of the industry worldwide is dear to our hearts. We may not be fixing the diamond world, but we are debating issues and spreading awareness among other industry players about the fears and concerns of our members.”

Many of his comments were echoed by Schnitzer, who also serves as honorary president of the WFDB. “Clearly, nobody believes that we are going to come up with solutions overnight,” he said. “We discuss issues that we see as critical. One of those...was bank finance for the diamond industry. This is absolutely critical for diamond firms across the world. We are all working to achieve this for our members, whether large or small firms. If we can secure financing for diamond companies around the globe, then we would all be delighted. Of course, we all fight for the good of our individual bourses, but we also come together to talk and find solutions that will help us all.”

WFDB President Ernie Blom Responds:

It is the deliberate intention of the World Federation of Diamond Bourses (WFDB) and myself to make the industry much more accessible and open to other parties in an effort to dispel many of the incorrect perceptions about such gatherings and the sector in general.

In addition to the actual working meetings during such events, it is also an ideal networking opportunity to meet players and leaders from the global industry, as well as ministers and other government representatives and officials. It allows us the opportunity to hear their thoughts and understand the purpose of their attendance.

I saw in your article that you made reference to the significant comments of Minister-President Peeters, as well as that of the Namibian Minister, Mr. Katali.

I note the comments of one or two delegates who perceived the Congress to be a “talking shop,” but I do genuinely believe this to be very far from the truth. The WDC’s role is to serve as a forum where feedback and reports are given on the activities and progress of the WFDB during the past year. This allows for the opportunity to reflect and debate the challenges of the year ahead and explore and strategize about possible approaches and solutions. All this, I believe, is better defined as a “workshop” rather than a “talking shop!”

I strongly disagree that outcomes are never seen or realized. The WFDB is an outcome-based, results-driven organization. As in the case with banking institutions, each country has its own fiscal requirements and what our Federation does, as the most prominent diamond organization globally, is to create an atmosphere and platform for a specific bourse to interact with banks locally. This also applies to dealing with governments and other service providers.

In conclusion, I would like to stress the fact that the WFDB has certainly evolved from a “reactive” organization to a “proactive” one, which is why our gatherings are centered around what we have done, what the issues are, and what will we do, rather than what should have been done.

Ernie Blom

