

60 Years of Service



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A story is told about an act of quiet resistance during the dark days of the Nazi rule in Europe which exemplifies not only the human spirit during a time of terrible suffering, but also of the special bond that exists among diamantaires and the essence of the diamond exchange.

Soon after Hitler's armies invaded Holland and Belgium, they created a Diamond Control Office with branches in Amsterdam and Antwerp, the ultimate aim of which was to take possession of the cities' diamond industries for the benefit of the Third Reich. Periodic raids were carried out in the two diamond centres, during which diamantaires were victimised and deported, and their merchandise confiscated.

It was during one of these raids at the still existing diamond exchange in Amsterdam, the Vereeniging Beurs voor Diamanthandel that, when the German forces arrived at the bourse's entrance, a waiter quickly passed around coffee to the members sitting in the canteen. They all dropped their stones into the dark liquid, and the waiter collected the cups. Later, when the soldiers left, the waiter returned with the tray of cups and the diamond dealers retrieved their stones.

Tragically, few of the diamantaires present that day survived the war, but the diamond exchange did. It became part of a rebirth that resulted in the creation of an international association of diamond exchanges from around the globe called the World Federation of Diamond Bourses, which today is the largest and most influ-

The colorful flags behind the head table of the 31st World Diamond Congress in New York, October 2004, indicating the global reach of the World Federation of Diamond Bourses.

From left; Seymour Rosenthal, WFDB Honorary Life President; Eli Izhakoff, WFDB Honorary Life President; Michael Vaughan, WFDB Secretary General; Shmuel Schnitzer, WFDB President; Ernest Blom WFDB Vice President; and Dieter Hahn, WFDB Treasurer.



ential representative organisation active in the world today. Created in 1947, it is celebrating its 60th anniversary at the Vereeniging Beurs voor Diamanthandel in Amsterdam, June 24-26, 2007.

Although the WFDB is today a strong and thriving international body representing many thousands of diamantaires around the world via its 26 bourse members, a look at its history shows that setting up such an organisation was not an easy task.

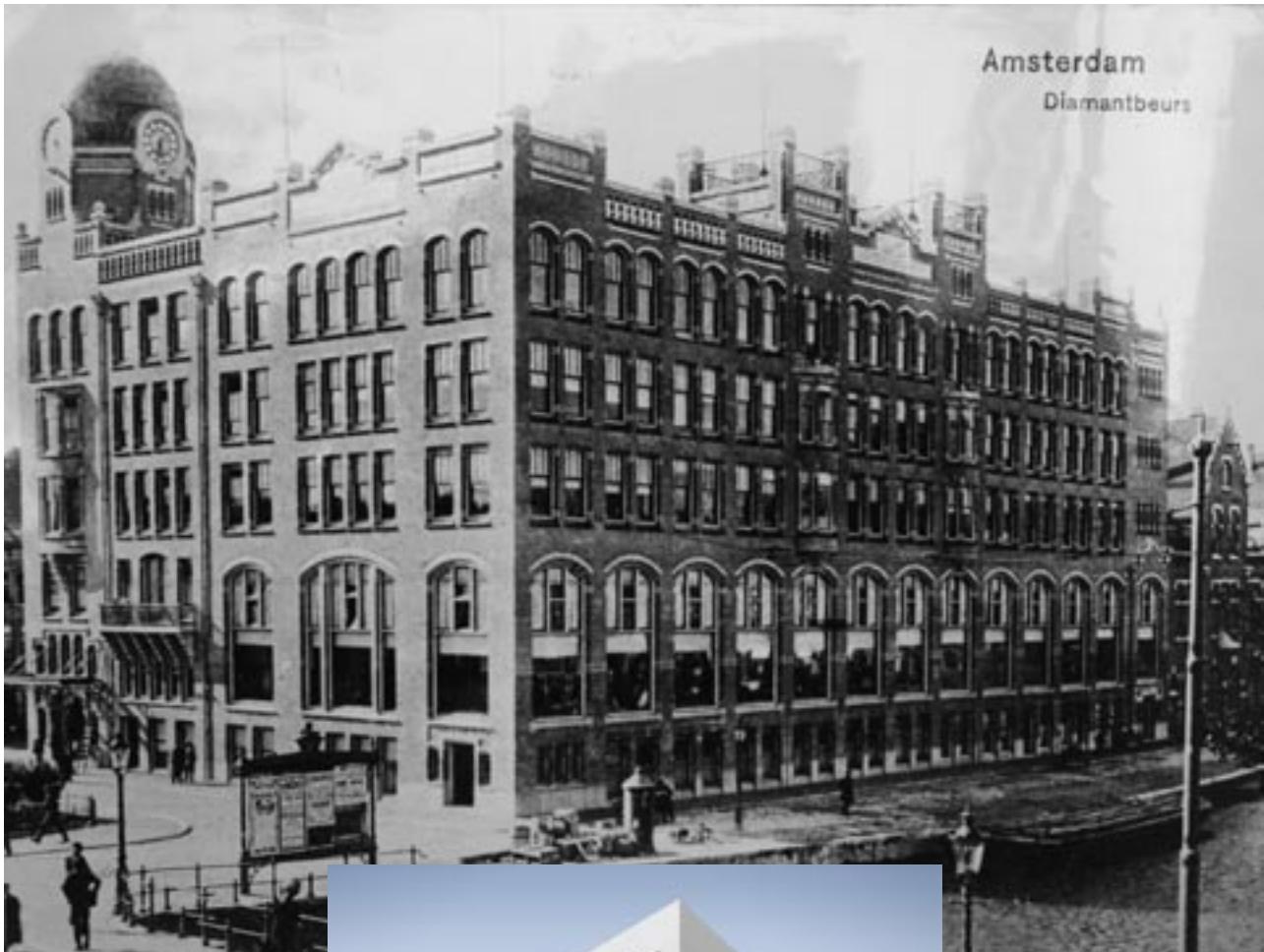
The WFDB's development in the 60 years of its existence is remarkable. Founded in the aftermath of the World War II, with Europe still in ruins and struggling with colossal damage to infrastructure and its economies shattered, few could have believed then that the federation would grow to its current size.



The gala dinner of the 10th World Diamond Congress, held in Antwerp in 1958.



Two former WFDB presidents, Joseph (Jos) Lens (centre in light suit), who served as the first WFDB president in 1947 and, on his left his successor, Adolphe Rotti, who served from 1948 to 1965, making him the longest serving president of the WFDB.



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The historical building of the Vereniging Beurs voor den Diamanthandel (above) on the Weesperstraat in Amsterdam was inaugurated in 1911. It served the bourse for 78 years, until in 1989, the bourse moved to its current premises (right), a building in Amsterdam's south-western business park.



Russia, is planning a state-of-the-art structure with room for hundreds of companies featuring the most advanced security systems at a cost of many tens of millions of dollars.

The comparison with the state of the world in 1947, including the diamond industry, could hardly be more stark.

Then, Britain was instituting the most stringent austerity measures it had ever known, and rations would remain in force for several more years. Meanwhile, in mainland Europe, only the foresight of the U.S. administration in implementing the Marshall Plan pulled those countries out of the wartime ruins and helped re-build their economies. And there was political turmoil as well as economic difficulties. Interestingly, Britain was facing enormous problems in two countries which have since become diamond powerhouses—India and Israel—or Palestine as it was then called. India received its independence in 1947, while Israel's followed in 1948.

The first attempt at organising the diamond trade came in the 1870s with the flood of diamonds arriving in Europe from South Africa as that country's diamond boom got underway. Amsterdam and Antwerp were the addresses for the

The latest member to join the body in 2006 was the Moscow Diamond Bourse, and its ambitious plans to build a diamond and jewellery exchange in the newest Russian capital provide an extraordinary contrast with the state of the diamond industry in 1947. The Russian bourse, which joined the more veteran Diamond Chamber of

diamonds from the southern hemisphere. Trading had become chaotic, with dealers scrambling to undercut each other. Not having an industry organisation meant that there were no rules for ethical trading.

The sheer size of the diamond business meant that there was not enough office space to host the trade, and so diamantaires began meeting in local cafes. Eye-witness accounts of the time speak of diamond transactions being carried out in poorly lit cafes amid great confusion of voices and crowded conditions. With no regulations, bad lighting conditions, and no certified scales and weights, the result frequently was arguments and bickering between traders.

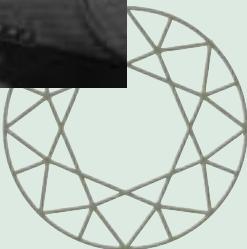
Ultimately, the outcome was the formation of Amsterdam's Central Diamant Handelsbond in 1881, which was the first diamond club to set out formal rules and to feature a weighing station and a spacious and well-lit trading floor. In addition, and in what is surely a sign of the sophistication and forward-looking nature of the members, they also worked to create a special diamond bank to accommodate the unique nature of the diamond business. Within just five years, the exchange had 750 members and its trading area, ironically, had become almost as crowded as the ca-



Harry Oppenheimer (left), chairman of the De Beers; and Sir Phillip Oppenheimer, chairman of the Central Selling Organisation, the marketing arm of De Beers; during a visit to the trading floor of the Antwerpse Diamantkring.



Harry Oppenheimer (right) examining a parcel of rough, with Sir Phillip Oppenheimer looking on.



As Antwerp's only rough diamond bourse, the Antwerpse Diamantkring attracts buyers from all over the world. It was among the first bourses to absorb diamantaires from the Indian diamond community in its ranks.



Left: the topping-out ceremony of the bourse building of the Diamant- und Edelsteinbörse Idar-Oberstein E.V. in November 1972.

Right: a more recent picture of the bourse building in Idar Oberstein



fes in which the members had previously carried out their trade. The Handelsbond was such a success that other clubs soon sprang up in the city. These included the Vereeniging Beurs voor Diamanthandel, which still serves Amsterdam's trade, the Diamond Exchange, the Golconda Club for brokers, and the Kohinoor Club.

The first attempt to create an international diamond organisation came in 1907. With the development of the diamond industry and trade in the mid to late 19th century, diamond clubs and bourses sprang up, particularly in Amsterdam and Antwerp. In Antwerp, the Diamant Club Van Antwerpen was established in 1886, and became incorporated in 1903 when its members formed the Diamantclub van Antwerpen. Then, in 1904, a group of brokers and smaller traders who could not meet the Diamantclub's admission requirements incorporated to create the Beurs voor Diamanthandel. Meanwhile, the Syndicat Professional de Paris and the Diamant-Klub Vienna were also set up in the early years of the century.

So, by the early years of the 20th century, there was clearly a need for an international body, and in 1907 the International Federation of Diamond Bourses (IFDB) was created with the following members: Diamantclub Van Antwerpen N.V.; Beurs Voor Diamanthandel N.V., Antwerp; Beurs Voor Den Diamanthandel, Amsterdam; Syndicat Professionnel De Paris; and Diamant-Klub, Vienna. It met annually, until the outbreak of World War I in 1914 put an end to diamond trading across Europe.

Few official records exist of the workings of the IFDB, but it is believed that it dealt mainly with the issue of safe trading for bourse members. Its congresses were short and mainly involved expressions of goodwill and the discussion of particular issues and grievances. It was not until 1928 that the International Federation was re-established, with the same member organisations as in 1914, except for the Diamant-Klub, Vienna. Their different legal systems forced the diamond trade to adopt its own legal code. Across the Atlantic, the U.S. diamond industry took off in the 1920s and gathered steam in the 1930s, with the New York Diamond Dealers Club being established in 1931. Although the Second World War disrupted trading, by



Top: The trading floor of the Borsa Diamanti D'Italia in Milan in 1927.

Below: a recent shot of the building that houses the Borsa Diamanti D'Italia on Via Torino 21, close to the famous Duomo Cathedral in Milan. The bourse is located on the third floor.



the late 1940s the global diamond industry was re-emerging. In Israel, the foundations for the creation of what would become a major diamond centre were being laid, while South Africa and India also started to grow their trades. Low-cost and

highly skilled Indians could turn what De Beers previously classified as industrial gems into diamonds for jewellery, polishing stones as small as 200 per carat.

This new diamond map meant reorganisation was inevitable, and in 1947 the World Federation of Diamond Bourses was born. One of the major stimuli for the establishment of the WFDB came from America where leaders of the industry saw it as a way of creating a body to speak with a single voice in negotiations with De Beers and other important diamond industry players. Since the end of World War II in 1945, the diamond company had reduced its allocations to U.S. sightholders and sent the goods to Antwerp instead. When leaders of the U.S. industry appealed to De Beers to re-institute the allocation, they were told that there was no rough to spare.

The American diamantaires were helped by Adolph Rotti who was president of the Belgian Federation of Diamond Bourses. Rotti believed in reconciling differences and that personal relations should be improved as a way of enabling arguments to be resolved. Indeed, the influential Rotti held the post of WFDB president for almost two decades from the late 1940s until 1965.

The newly formed WFDB met in Antwerp's Diamantclub on July 5, 1947. In stark contrast to the grand events which the World Diamond Congress of today has



In 2004, the Beurs voor Diamanthandel celebrated its centennial. The ceremonies were attended by Belgium's Crown Prince Filip (center) and his wife Princess Mathilde. Bourse President Artur Beller (left) watches the Prince signing the bourse's Golden Book.

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Mother Joyce and daughter Ayelet Lerner are Antwerp-based diamond dealers. In recent years, an increasing number of women have obtained bourse membership.

become, that first meeting was attended by just the Antwerpse Diamantkring CVBA, the Beurs Voor Diamanthandel CVBA, the Diamantclub Van Antwerpen CVBA, the Vrije Diamanthandel NV, the Diamond Dealers Club, Inc., New York, the Diamond Trade and Precious Stone Association of America, Inc. (at that time called the Diamond Center), New York, The London Diamond Club Ltd., and the Vereniging Beurs Voor Den Diamanthandel, Amsterdam.

The WFDB's first president, Joseph Lens from Antwerp, requested that the delegates stand in silence in "memory of our colleagues who fell during the war." The meeting then turned to the first item on the agenda which was approval of admission to the body of the then Diamond Club of Palestine. Interestingly, the issue of rough diamond allocations to diamond centres outside of Antwerp, the issue that caused the American industry to press for the establishment of the WFDB, was not raised.

For the rest of the three-day meeting, delegates busied themselves with the re-writing and adapting of the rules and by-laws of the previous World Federation to the new organisation. Indeed, legislative issues still account for most of the time at WFDB meetings. The problem of ironing out the legislative differences between the WFDB and its individual bourse members is an issue that is still alive today. In a nutshell: each bourse maintains its autonomy in internal matters, while the WFDB attempts to standardise the rules under which they operate.

Although it may sound unusual today, the main issue at the time of the establishment of the WFDB in 1947 was dealing with currency problems. The British pound and European currencies were in free fall as their governments faced the immense task of reconstruction following the war. Since these governments did not want to formally devalue their currencies because of the potential political implications, diamonds were used as a way of ironing out the differences between exchange rates.

Diamonds were being smuggled into the United States and sold as a means for foreign dealers to obtain the highly valued U.S. currency. The currency problem subsided in late 1949 when the British government bowed to the inevitable and devalued the pound to \$2.80 from \$4.02. As a result, other European currencies quickly followed suit.

Smuggling was rife at the time, with a contributing factor being a 10 percent duty that was levied by the U.S. authorities on all legal diamond imports. Smuggling remained a problem for the WFDB for several years, for it was tacitly accepted by many dealers who saw it as a means of balancing the effect of De Beers' propensity for favouring Antwerp in terms of supply. The WFDB experienced great difficulty in dealing with the issue.

Speaking to the WFDB General Assembly 1950 congress, Rotti said the federation was "powerless to intervene because such decisions are made by governments."

Generally speaking, the 1950s were years of expansion and prosperity for the diamond industry and the WFDB. New members included the Israel Diamond Exchange, Ltd. (previously known as the Palestine Diamond Exchange, Ltd.) and the London Diamond Bourse in 1948. Two years later, the Diamond Club of South Africa, Johannesburg, became a member, followed in 1954 by the Diamant-Klub Wien, the Borsa Diamanti D'Italia, Milan, and the Centre Francais des Pierres



The trading floor of the Beurs voor Diamanthandel in Antwerp.



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Top: Street trading in front of the Opera House, the current premises of the Bharat Diamond Bourse in Mumbai, India.

Center: The Opera House.

Below: Construction of the New Bharat Diamond Bourse is expected to be completed toward the end of 2007.





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Avi Paz (seen from back), president of the Israel Diamond Exchange, presents a token of appreciation to Anoop Mehta, president of the Bharat Diamond Bourse, at the conclusion of the 2005 Presidents' Meeting in Mumbai, India.



The Vrije Diamanthandel bourse in Antwerp in the 1950s.



The Hong Kong Diamond Federation that also houses the Hong Kong Diamond Bourse on Duddell Street in Central, Hong Kong.



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A panoramic view of the gala dinner at the World Diamond Congress in New York in 2004, which took place in the Rainbow Room overlooking the Manhattan skyline.

Precieuses et Bourse Des Diamantaires de Paris (known until 1978 as the Societe Anonyme de La Perle et des Pierres Precieuses).

This growth led to another issue that caused many complaints in the 1950s: members of smaller bourses complained that they did not have access to the larger bourses in Israel, Antwerp and the United States despite being full members of the WFDB. The larger bourses replied that they had higher overheads since they were maintaining large operations and not just small trading halls, while also offering much greater access to the major diamond markets. For example, the dues at the smaller exchanges were around a third of those at the major bourses. A proposal for a WFDB card enabling free access to all bourses has been raised at almost every congress since the mid-1950s.

The 1950s also witnessed the first congresses held outside of Europe. Furthermore, the 1956 congress was the last yearly meeting, and ever since congresses have been held every two years.

The first non-European congress was held in Israel, but was almost cancelled due to the Suez crisis. It was also the first congress where the organizers turned the meeting into an event to remember. On both counts, the 1956 congress has striking similarities to the 32nd World Diamond Congress held in Tel Aviv exactly half a century later, which drew widespread praise for the organisers and which took place just two weeks before the outbreak of war with Hezbollah forces in the north of the country and southern Lebanon. Needless to say, this was not the only instance where history has repeated itself. Inevitably, the diamond industry, as with other businesses, is cyclical. Trends, both positive and negative, repeat themselves.

Meanwhile, the 1960s saw increased business for the global diamond trade, with sales in the United States accounting for 75 percent of worldwide sales. In addition, the Japanese government in 1960 lifted a 15-year ban on diamond and gold jewellery sales. This move opened up Japan which is today the world's second-largest diamond jewellery market.

This was also the decade when India really started its development as a globally important centre with the opening of polishing businesses that turned small goods, which had previously been thought to be unusable, into tiny gems.



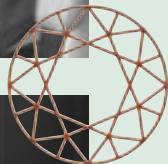
Delegations at the 17th World Diamond Congress held in Antwerp in 1972.

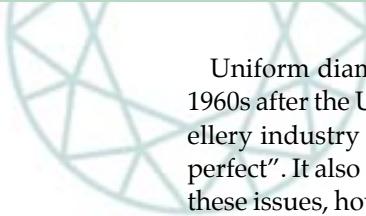
Top: At left, Seymour Rosenthal, president of the Diamond Trade Association of America, which later would be named the Diamond Trade & Precious Stone Association of America. Rosenthal served two terms as WFDB president, from 1982 to 1986.

Center: The delegation of the Borsa Diamanti D'Italia.

Below: The delegation of the Vereniging Beurs voor den Diamanthandel from the Netherlands.

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Uniform diamond grades was another issue that came up repeatedly during the 1960s after the U.S. Federal Trade commission enacted a set of guidelines for the jewellery industry in 1957, which outlawed such common trade terms as "blue white perfect". It also set stricter trade use limitations on other diamond terms. Apart from these issues, however, WFDB meetings reflected the prosperity of the times, according to comments made by congress attendees. Members, it seems, largely concerned themselves with relatively minor legislative details and social events.

Meanwhile, Adolph Rotti retired after 18 years as WFDB chairman shortly after the 1966 congress in Milan. The incoming president Jack Sigman from New York recommended that Rotti be awarded the title of Honorary Life President.

Alas, Rotti was not able to enjoy the honour for long since he died in December 1966. No other WFDB head has held the position as long as he did.

As the 1960s gave way to a new decade, the 1970s also saw strong trading levels and increasing prices. So keen were diamond firms to receive sights from De Beers that there were then 350 sightholders, more than three times the number of today. And all that despite the high inflation of the decade, and the rises in oil and gold prices which led to economic problems throughout the West. Many sightholders made a comfortable living simply from sitting on and re-selling boxes,

In 1982, Manhattan's 47th Street between 5th and 6th Avenues, home of the Diamond Dealers Club, was designated "Diamond & Jewelry Way." Diamond and jewelry stores started moving to 47th Street just after the Second World War. Today, it is estimated that about half of all polished diamonds traded worldwide move through the New York diamond district.



with some sight boxes fetching premiums as high as 100 percent.

The 1970s also brought new members to the WFDB: the bourse in Idar Oberstein; a bourse that did not last long in Frankfurt; and the New Israel Diamond Club for Commerce in Diamonds. Both of them joined the WFDB in 1975.

The late 1960s and early 1970s was also the time that Israel's Moshe Schnitzer secured his first term as WFDB president. Schnitzer is widely regarded as being a positive and strong force for change in the industry, so much so that he was awarded a Lifetime Achievement Award at the 1992 Presidents' Meeting.

A main aim of his 1968-1972 presidency was the nurturing of stronger relations between the individual centres, and the expansion of the WFDB's membership. Among the new WFDB members during Schnitzer's two presidencies (he was elected president again and served from 1978 to 1982) were Singapore, Germany and Japan. Indeed, the esteem in which Schnitzer was held and the importance WFDB members attached to securing his re-election towards the end of the decade is seen in the fact that the body's rulebook had to be amended in order for Schnitzer to be re-elected.



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Jacob Banda (left), President of the Diamond Dealer's Club of New York, presenting a special award to Artur Beller (centre), President of the Beurs voor Diamanthandel in Antwerp, during the celebration in 2006 of the 75th anniversary of the DDC's founding. Alongside stands Eli Izhakoff, WFDB Honorary Life President.



Attendees at the 32nd World Diamond Congress, held in 2006 in Tel Aviv, listen to an address from outgoing WFDB President Shmuel Schnitzer.

The good times of the 1970s soon came to an end, however, with the start of the 1980s. Nothing reflected the solemnity of the new decade more than the 1984 World Diamond Congress in Antwerp at which delegates were asked to stand for a moment's silence for diamantaires who had gone out of business between 1980 and 1984. Indeed, the gravity of the event is seen by it being the first time since 1947 that the congress stood in silence. On that occasion it was to remember colleagues who had died during World War II.

In the first four years of the 1980s, hundreds of diamond firms in all the industry's centres went out of business, while many others paid off debts and closed down. It is estimated that banks around the world lost \$400 million to diamond company bankruptcies by 1984. Where there had been 320 sightholders in 1980, there were just 220 in 1984.

At the World Diamond Congress in Amsterdam in 1975, the WFDB and the International Diamond Manufacturers Association acted together to regulate diamond grading standards, appointing a joint committee to create an international set of rules, working methods and nomenclature. In 1978, the system was presented at the World Diamond Congress in Ramat Gan, and approved as the IDC International Rules for Grading Diamonds.



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Sergei Oulin (left), President of the Diamond Chamber of Russia, accepting a gift from the Israeli diamond sector from Avi Paz, WFDB Vice President and President of the Israel Diamond Exchange, during a celebration in Moscow in December 2006 marking the 10th anniversary of the founding of Russia's first diamond bourse.

The crash of the 1980s is said to have happened partly because of speculation, the raising of prices beyond reasonable levels by De Beers and the granting of easy credit by the banks. Industry debts were \$4 billion in 1980. At that year's WFDB Congress in Johannesburg, Moshe Schnitzer warned delegates that speculation was a "powerful time bomb that would not only ruin those involved, but inflict heavy damage on the trade." But it is now seen that the huge problems at the start of the 1980s was also due to the fact that traditional business methods were changing. Price competition, rising interest rates and the demand for faster delivery services were all playing a part. By 1982, polished prices had fallen 10-15 percent and De Beers finally allowed sightholders to refuse sights.

Ironically, despite the tough conditions of the early 1980s, retail sales of diamond jewellery in the United States increased every year during the decade, even during the worst years. This was due to the difference in the type of diamonds being merchandised. Before the 1980s, retail jewellers refused to sell diamonds cheaply, fearing that the product would come to be seen as cheap and not highly valued. With the start of the new decade, however, mass merchandisers brought in a new philosophy that diamonds were no different from clothes, TVs or shoes. They discovered they could make a good profit even using low-quality stones.

The 1980s saw the welcome mat rolled out for a large number of new members: the Diamond Exchange of Singapore (formerly the Diamond Importers' Association of Singapore); the Israel Precious Stones and Diamonds Exchange Ltd.; the Diamond Club West Coast, Inc., California; and the Hong Kong Diamond Bourse Ltd.

Meanwhile, the 1990s also brought difficulties for the diamond trade. The 1991 Gulf War saw the Israeli trade almost brought to a standstill for a month or so as Iraq fired missiles at the country. The WFDB showed during the war that it really is one large family with global support for Israel despite the fact that at all other times the centres are competitors. Indeed, many Israeli diamantaires still speak fondly and with great sentiment of the support they received during that difficult period.

Later in 1991 came the failed coup attempt in the Soviet Union which led to the breakdown of the superpower. But the emergence of the Russian Federation established Russia as independent power in the diamond industry. Russia's first diamond bourse, the Diamond Chamber of Russia was established in 1996. It was accepted as a full WFDB member four years later. In 1993 the Diamond Dealers Club of Florida Inc. and the Tokyo Diamond Exchange were accepted as members. At

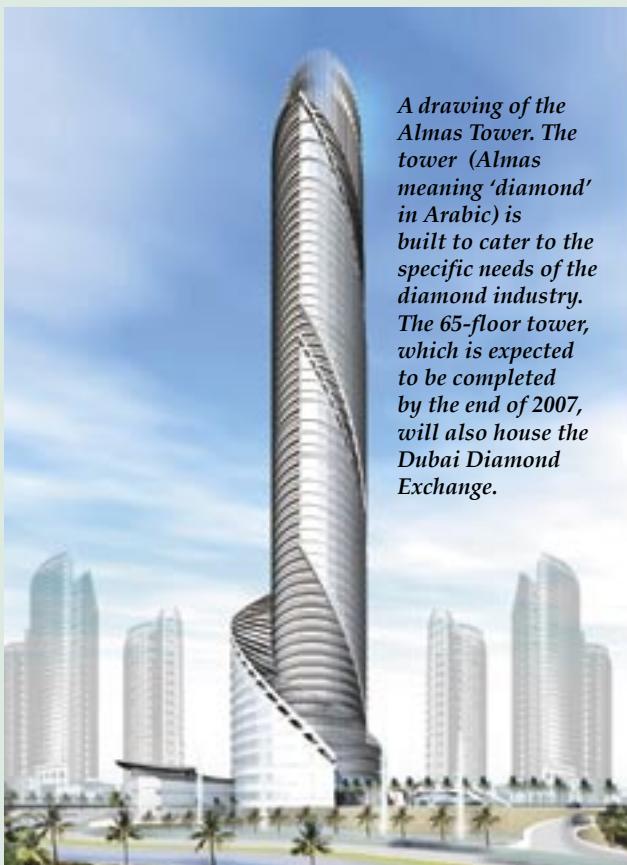
the 1996 Congress, the WFDB accepted the resignation of the Centre Francais des Pierres Precieuses, Paris; ratified the merger of the London Diamond Bourse and the London Diamond Club Ltd into the London Diamond Bourse and Club; and accepted the Bangkok Diamonds and Precious Stones Exchange as a member.

Meanwhile, at the 1998 Congress, the WFDB accepted the Diamond Merchants Association of Southern Africa as a member. The Diamant Club of South Africa and the Diamond Merchants Association of Southern Africa merged in February 2003 and are now known as the Diamond Dealers Club of South Africa.

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From left: Noora Jamsheer, CEO Dubai Diamond Exchange, and Dr David Rutledge, Chairman of the Dubai Multi Commodities Centre, at the 32nd World Diamond Congress in Tel Aviv, June 2006.



A drawing of the Almas Tower. The tower (Almas meaning 'diamond' in Arabic) is built to cater to the specific needs of the diamond industry. The 65-floor tower, which is expected to be completed by the end of 2007, will also house the Dubai Diamond Exchange.



An Emirati student of gemology examining a diamond with a loupe.



Above: The Israel Diamond Exchange complex in Ramat Gan. The four-tower complex is one of the world's largest, most modern and secure diamond exchanges. It houses the Israel Diamond Exchange, the Israel Precious Stones & Diamonds Exchange, and the Israel Club for Commerce and Diamonds.

Below: The building at 62 Allenby Street in Tel Aviv which housed the Israel Diamond Exchange during part of the 1950s and 1960s.



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Later in the decade came the shock of the economic crisis in Southeast Asia which turned much of the diamond and gemstone business on its head. With the sharp reduction in the buying power of many currencies, demand for gemstones and jewellery plummeted.

It was toward the end of 1990s that the issue of conflict diamonds raised its ugly head as brutal civil wars raged in West Africa, particularly in countries such as Sierra Leone. In response to the issue, which was widely covered in the global media, the WFDB established the World Diamond Council that had as its express aim the eradication of the conflict diamond trade. The main element, of course, was the setting up of the Kimberley Process in the early part of the new century.

Lev Polyakov, President of the Moscow Diamond Bourse, reading an acceptance speech after his bourse was voted in as the 26th member of the WFDB.



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The new millennium saw the introduction of De Beers' Supplier of Choice programme as the global mining giant sought to make better use of its capital and to expand jewellery sales. The move meant that De Beers would no longer act as the patron of the industry, supporting prices with its stockpile.

It also meant that stakeholders would have to abide by a whole new set of rules. In particular, they would no longer be able to be simply diamond buyers, sellers and manufacturers.

Instead, they may have

to start manufacturing jewellery to help stimulate demand for diamonds, as well as assuming part of the burden of promoting sales of diamond jewellery downstream.

The introduction of the Supplier of Choice, which favoured larger multi-national diamond companies with access to the downstream markets, raised the level of concern about the long-term future of smaller and medium sized players in the diamond industry. Their interests were strongly defended by the WFDB.

"We must ensure a better business climate for medium-sized and smaller companies for our own self-preservation," said WFDB President Shmuel Schnitzer, after he was elected to the post for the first time in 2002, the first son of a former WFDB president to have been afforded that honour. "The diamond industry has always been built as a pyramid, with the handful of larger companies supported by thousands of smaller firms. In the market crisis of the early 1980s, when certain of the largest companies in the diamond business collapsed and disappeared, our industry was saved by a multitude of smaller companies, who were flexible, not burdened by debt, and knew that they had a bright future if they worked hard."

The early part of the new decade also saw a sharp rise in rough diamond prices. Following the 9/11 terror attacks on New York, the United States lowered interest rates to stimulate its economy and, by extension, the global economy. That led many diamantaires to start speculating on diamonds, and for several years, until the end of 2005, diamond prices soared. It is estimated that in 2004 and 2005 there was a cumulative rise of 35 percent in the prices of many goods.

This was a situation that could not continue, however. As U.S. interest rates rose in 2005, the speculation ended and many diamond firms were caught in a trap. Many found themselves sitting on rough goods that they could not sell since they would lose money. On the other hand, polished prices had not seen anywhere near the types of rises that rough goods had experienced and so there was no incentive for diamantaires to manufacture goods as they would lose money doing so.

Other areas of uncertainty concerned the proliferation of difficult to detect diamond treatments, like High Pressure-High Temperature colour treatments, and the



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The premises of the Jewellery Council of South Africa, that also house the Diamond Dealers Club of South Africa, on Commissioner Street in Johannesburg.



The trading floor of the Diamond Exchange of Singapore in the mid-1980s.



The trading floor of the Diamant-Club Wien (Vienna), 2007.



*Top: The trading floor of the current Shanghai Diamond Exchange.
The smaller picture above shows construction of the new exchange, while the larger picture on the left is an artist's impression of the planned two-tower building.*



The London Diamond Club and Bourse was established in 1994 as a result of the merger of the London Diamond Bourse and London Diamond Club. Both these organisations were originally formed in the 1940s. In 2004, the new LDCB moved into its modern trading facilities on the first floor of No. 100 Hatton Garden (above right).

Top: An early photograph of London's Hatton Garden district, the historic headquarters of the city's diamond and jewellery trade.

Right: Freddy Hager, President of the London Diamond Bourse and Club, presenting a certificate of appreciation to Gareth Penny, Managing Director of the Diamond Trading Company, during the opening ceremony of the bourse's new facility. On the left is Harry Levy, Vice President of the London bourse.



development of gem-quality synthetic diamonds. The WFDB instituted strict standards of disclosure for all diamond treatments, and at the same time legislated severe penalties for bourse members found to be dealing in treated merchandise without disclosure. At its congress in New York in 2004, the WFDB General Assembly called upon "all the trade laboratories to introduce a format for such certificates wherein



the fact that the diamond is HPHT treated shall be unambiguous and clearly evident at first glance.”

Synthetic diamonds posed a unique dilemma, for they challenged the integrity of the natural stone. At the 2004 congress in New York, the WFDB General Assembly initially called upon all the gemmological laboratories to refrain from issuing certificates for synthetic diamonds. But the organisation also resolved to “cooperate fully with any other internationally recognized trade associations and companies to formulate a common standard of disclosures and nomenclature for synthetic diamonds.” Furthermore, stated the resolution, “the WFDB should be clear and unequivocal so that the consumers are fully aware of, and confident in, the nature of the product they are purchasing.”

In 2006, at the World Diamond Congress in Israel, the WFDB reversed its decision against the issuing of certificates for synthetics, agreeing that gem-quality synthetic diamonds were a reality that needed to be taken into consideration, and that the certification of synthetic diamonds could take place under stringent conditions. But the WFDB General Assembly also urged that measures be taken to ensure that the synthetic diamond market develop parallel but separate to the market for natural diamonds.

All the while during the first decade of the 21st century, the WFDB continued to expand, reflecting the growing reach of the diamond business. In addition to the two Russian members, bourses were welcomed into the fold from a range of countries. At the 2000 Congress, the WFDB accepted the Bharat Diamond Bourse (Mumbai) and the Diamond Chamber of Russia as members. At the 2004 Congress, both the Dubai Diamond Exchange and the Shanghai Diamond Exchange were accepted as members. And finally, at the 2006 Congress, the application for membership of the Moscow Diamond Bourse was approved. Today, the WFDB counts 26 bourses from 17 countries as members.

Looking back on the first 60 years of its existence, the WFDB can be proud of the way it has developed the global diamond trade. It provides a wide range of services that enable its members to carry out their business safe in the knowledge that there is an industry body which can decide on redress and enforce those decisions without the need for lengthy and costly court actions. In other words, where two members from different countries are in dispute the respective bourses operating under WFDB regulations can solve the problem.

Unethical trading is punishable by the ultimate sanction of a diamantaire losing his membership. This legal and moral accountability is the very foundation of the diamond trade and enables members to carry out business in complete confidence. As a former WFDB President Eli Izhakoff says, “Virtually every diamond sold in the world today has passed through a federation member dealer or bourse at some point in its distribution. That fact in itself makes this organisation critical to the industry.”

In addition, the WFDB, in its joint World Diamond congresses held with IDMA, enable diamantaires from literally every corner of the world to meet, make contact, and discuss the burning issues of the day. The congress is not a talking shop, but a serious forum which is shown the respect it deserves by the presence of all the major mining firms as well as representatives from the diamond pipeline. As De Beers Group Chairman Nicky Oppenheimer observed: “Diamonds are a talk business. It’s unique in that respect and so are the people in it. When one thinks of it, it is a business where one’s individual skill in trading is the only determining factor on whether or not he makes a profit, and a great part of that skill is in communication, discussing politics, personal matters and everything else. That’s why the social aspects are important.”