

THE INDIAN GEM AND JEWELLERY MAGAZINE » DECEMBER 2017

# Solitaire

I N T E R O N A L

**1st India Diamond  
Week In Mumbai  
A Success**

**KGK's Vladivostok Unit  
Targets \$70 Mn In  
Sales By 2017**

**Fura Gems To Focus  
On Undervalued  
Mines: Dev Shetty**

**India's Q3 Gold  
Jewellery Demand  
Plummets 25%**

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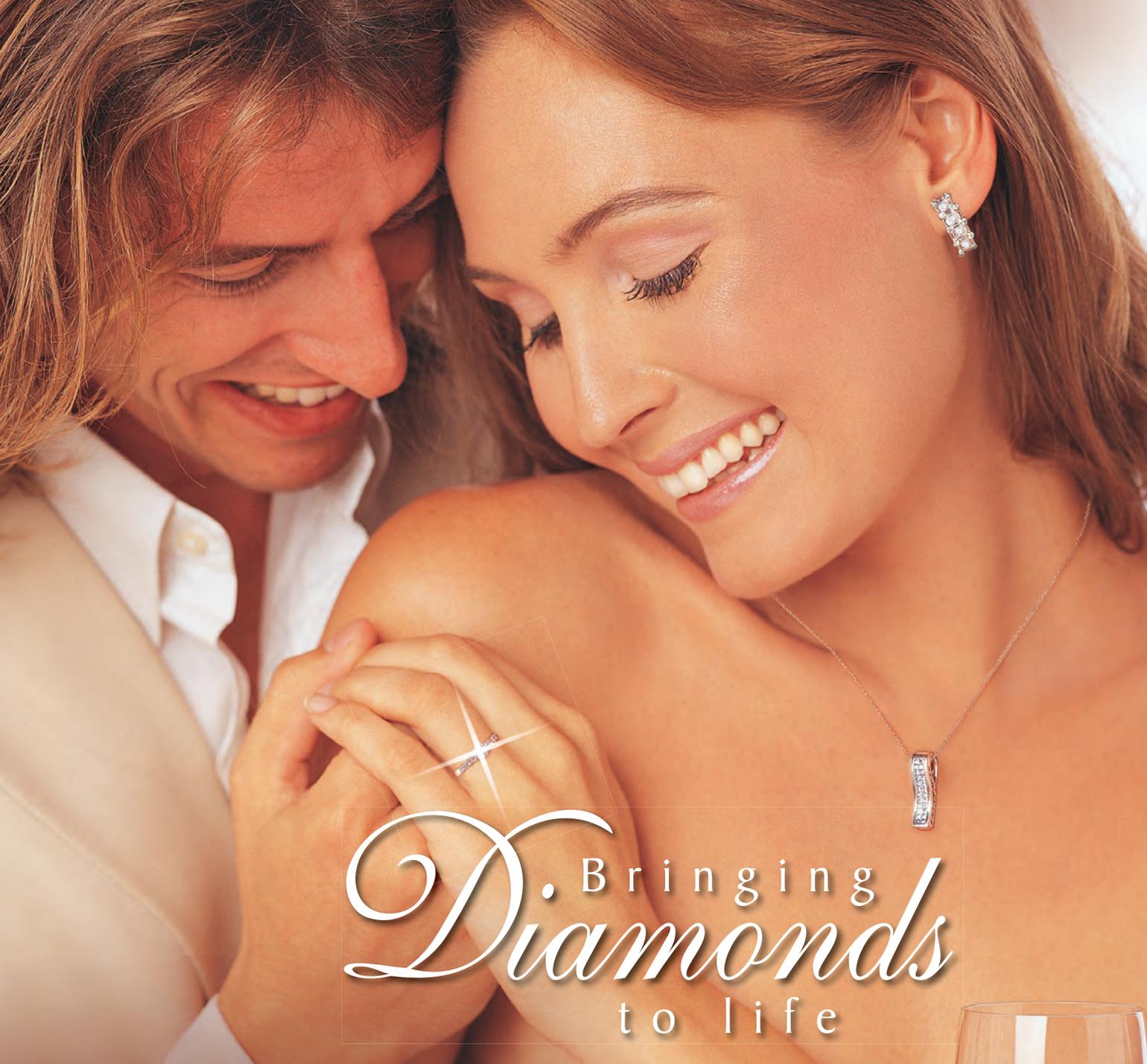
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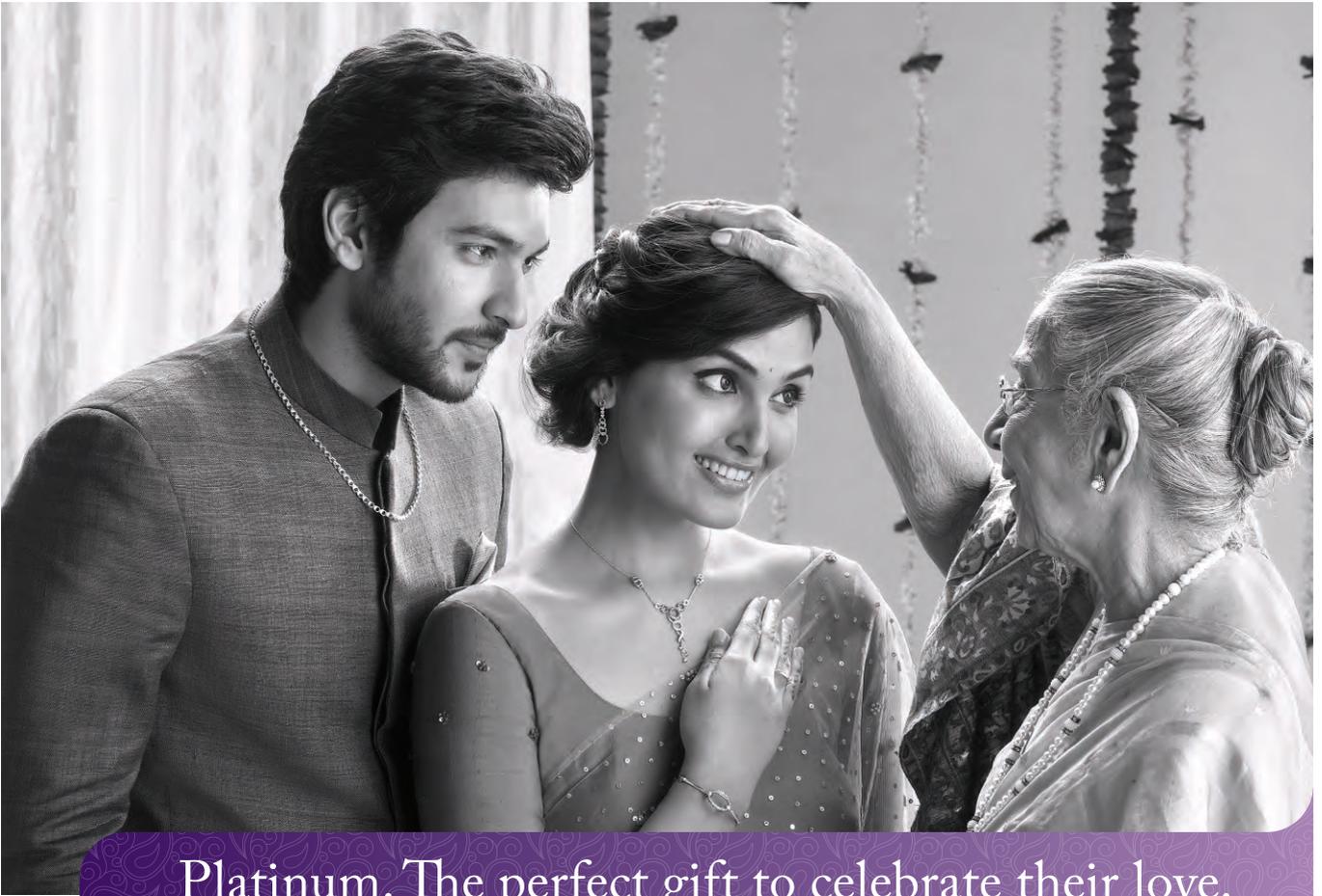
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# EDITORIAL

The recent alterations in the direct and indirect tax structures in the four major midstream centres – Belgium, Israel, Dubai and India – may have a long-term impact on the diamond sector and could change the direction of the flow of goods in the pipeline, believes industry expert Pranay Narvekar. He notes that while the industry is resilient and will adapt to these modifications, businesses will have to study the cost equation. For Narvekar's in-depth analysis, turn to the Cover Story.

The GJEPC successfully held the first edition of the India Diamond Week (IDW) in Mumbai, which hosted over 110 buyers from 11 countries including USA, Turkey, China, Russia/CIS, Lebanon, Saudi Arabia, South Africa and South Korea. The outcome of the three-day event was deemed positive for the 48 Indian participants, many of whom reported having concluded successful deals.

Sanjay Kothari, vice-chairman, KGK Group, speaks to *Solitaire* in an e-mail interview about their recently opened state-of-the-art diamond-cutting factory in Vladivostok, Russia, which is expected to reach a sales target of \$70 million by the end of 2017. He also shares his views on the challenges of retaining and training the workforce in an efficient and effective manner.

Dev Shetty, head of the newly established colour gemstone mining company, Fura Gems, tells *Solitaire* about the recent acquisition of the famous Coscuez emerald mine in Colombia, and the investment plans for modernising the existing mining facilities which could boost production nearly threefold.

## Change Is In The Air

### Editorial Team

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We urgently need a pair of earrings with genuine diamonds, rubies and pearls set in gold. The piece, with its exquisite detailing and finish, should feature a ruby cocooned in a pear band of diamonds at the top. Linking this to the bell, created in gold and diamonds, is an eight-petal flower. At the bottom of the bell, daintily hanging teardrop pearls will complete this masterpiece.



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## UNITED STATES

	(In US\$ mn)			
Imports	2016	January - September 2016	January - September 2017	% Change
Polished Diamonds	22,345	17,327	16,231	-6%
Rough Diamonds, Sorted, Unworked	862	597	614	3%
Polished Precious & Semi-precious Stones	1,779	1,479	1,820	23%
Jewellery	9,459	6,733	6,613	-2%

Customs value.

Source: U.S. Department of Commerce and the U.S. International Trade Commission.



## BELGIUM

	January - October 2016		January - October 2017		% Change	
	Ct mn	US\$ bn	Ct mn	US\$ bn	Ct	US\$
Polished Diamonds Exports	4.5	10.1	4.1	9.5	-10%	-6%
Polished Diamonds Imports	5.3	10.0	4.8	9.4	-9%	-6%
Rough Diamonds Exports	86.6	10.5	101.2	10.1	17%	-4%
Rough Diamonds Imports	78.2	10.1	79.9	8.9	2%	-12%

Source: The Diamond Office, Antwerp World Diamond Centre (AWDC)



## ISRAEL

	January - December 2015	January - December 2016	% Change
	US\$ bn	US\$ bn	US\$
Net Polished Exports	4.99	4.68	-6%
Net Polished Imports	3.48	3.28	-6%
Net Rough Exports	2.19	2.7	23%
Net Rough Imports	2.78	3.25	17%

Source: Israel Ministry of Economy

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**Exports of gems and jewellery during April 2017 - October 2017 as compared with last year**

Items	Oct - 2017	Oct - 2016	% of Change	Apr 2017 - Oct 2017	Apr 2016 - Oct 2016	% of Change
Cut & Polished Diamonds (Quantity)	1931.64 2.6	2519.55 3.2	-23.33	13827.66 21.4	14220.17 20.0	-2.76
Gold Jewellery	900.73	796.60	13.07	4949.45	5581.54	-11.32
Gold Medallions & Coins	0.00	513.62	-100.00	1658.89	3138.76	-47.15
Coloured Gemstones	20.25	24.60	-17.68	232.85	236.39	-1.50
Silver Jewellery	279.32	190.58	46.56	2664.23	2108.23	26.37
Pearls	0.29	0.16		1.20	3.56	
Synthetic Stones	18.62	13.88		120.71	77.67	
Costume & Fashion Jewellery	1.27	2.29		32.49	35.42	
<b>Subtotal</b>	<b>3152.12</b>	<b>4061.28</b>	<b>-22.39</b>	<b>23487.48</b>	<b>25401.74</b>	<b>-7.54</b>
Exports of Rough Diamonds (Quantity)	69.75 2.9	100.45 2.9	-30.56	787.28 20.8	831.25 18.3	-5.29
Others	12.27	3.98	208.29	47.82	39.58	20.82
<b>Gross Exports</b>	<b>3234.14</b>	<b>4165.71</b>	<b>-22.36</b>	<b>24322.58</b>	<b>26272.57</b>	<b>-7.42</b>
Return Consignment	532.04	621.92	-14.45	4756.21	4545.46	4.64
<b>Net Exports</b>	<b>2702.10</b>	<b>3543.79</b>	<b>-23.75</b>	<b>19566.37</b>	<b>21727.11</b>	<b>-9.94</b>


**Imports of raw materials for gems and jewellery during April 2017 - October 2017 as compared with last year**

I. Items	Oct - 2017	Oct - 2016	% of Change	Apr 2017 - Oct 2017	Apr 2016 - Oct 2016	% of Change
Rough Diamonds (Gross) (Quantity)	806.82 9.4	1255.13 11.2	-35.72	9969.25 106.4	10122.28 84.3	-1.51
Rough Coloured Gemstones	5.84	2.30		159.84	174.97	
Raw Pearls	112.60	28.96		837.14	168.29	
Rough Synthetic Stones	3.23	6.80		124.48	77.41	
Gold Bar	548.60	272.84		2652.10	2880.19	-7.92
Silver Bar	4.60	5.62		35.22	34.05	
Platinum	15.81	2.56		39.62	19.41	
<b>TOTAL - A</b>	<b>1497.50</b>	<b>1574.21</b>	<b>-4.87</b>	<b>13817.65</b>	<b>13476.60</b>	<b>2.53</b>
<b>II. Imports of Cut &amp; Pol Diamond</b>						
SEZ (All over India) (Quantity)	55.06 0.06	85.19 0.08	-35.37	481.68 0.75	652.26 1.8	-26.15
Bonded Ware House (Quantity)	16.85 0.06	28.31 0.08		133.13 0.40	220.50 0.6	
Mumbai (DTA) (Quantity)	57.68 0.3	75.33 0.29	-23.43	632.82 3.0	672.20 1.9	-5.86
Others (DTA) (Quantity)	0.00 0.00	0.25 0.00		0.96 0.00	3.35 0.00	
Surat (DTA) (Quantity)	7.95 0.02	7.01 0.01	13.41	92.81 0.17	71.00 0.12	30.72
<b>TOTAL - B</b>	<b>137.54</b>	<b>196.09</b>	<b>-29.86</b>	<b>1341.40</b>	<b>1619.31</b>	<b>-17.16</b>
<b>III. Imports of Other Items</b>						
Gold Jewellery	25.82	21.05		160.57	188.11	
Silver Jewellery	10.57	2.89		32.76	22.37	
Coloured Gemstones	102.96	110.55		383.21	845.51	
Synthetic Stones	6.20	7.11		63.50	41.60	
Pearls	33.90	0.78		1092.97	819.66	
Costume/Fashion Jewellery	0.08	0.15		0.37	1.56	
<b>TOTAL - C</b>	<b>179.53</b>	<b>142.53</b>	<b>25.96</b>	<b>1733.38</b>	<b>1918.81</b>	<b>-9.66</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>1814.56</b>	<b>1912.80</b>	<b>-5.14</b>	<b>16892.43</b>	<b>17014.72</b>	<b>-0.72</b>

All figures are provisional.



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## L’Oreal’s Richa Singh Joins DPA As India Head

The Diamond Producers Association (DPA), a conglomerate of seven of the largest diamond producers, appointed Richa Singh as the managing director for India with immediate effect. She joins DPA from L’Oréal and will oversee all the activities of the association in India.

Singh has over 18 years of experience, with a proven track record in marketing and general management across business categories, having traversed the world of advertising, branding, category building and marketing of beauty products. Her capabilities and keen understanding of Indian consumers helped the business she was leading in her previous organisation grow to the number two position in the country, DPA said.

Her hands-on knowledge of forging business partnerships and working across multiple communication platforms makes her an apt choice for DPA, as the association looks to launch its marketing campaign in India. Singh’s innate sense of purpose and her ability to shape a cohesive, motivated team to build strong brands and drive business will no doubt be her biggest strength in her new role as the country head for DPA.

Commenting on the appointment, DPA CEO Jean-Marc Lieberherr said: “Richa brings to DPA an impressive understanding of consumer marketing and an innate entrepreneurial skill that is very important for us, as we set up roots here. India is a critical market for diamonds and



Richa Singh and Jean-Marc Lieberherr at a press event in Mumbai.

Richa’s appointment conveys the association’s serious intent to invest and grow the Indian diamond market.”

Richa Singh noted: “I am delighted to be working on a category that is so close to every woman’s heart. It is a great opportunity to put my 19 years of experience to good use, setting up operations from scratch to building partnerships and equity along the way. I look forward to be part of creating an evocative campaign for diamond marketing in India. This is indeed a personally fulfilling role and I am focussed on delivering the objectives set out for India by the association.” ■

## Fura Appoints Rupak Sen As VP – Marketing & Sales



Rupak Sen

Canada-based gemstone miner Fura Gems Inc. appointed Rupak Sen as vice president – marketing and sales, and Armando Diaz as project manager – Colombia. Sen will be based in Fura’s administrative headquarters in Almas Tower, Dubai, and will report directly to Dev Shetty, president and CEO of the company. Sen will be responsible for global marketing, communications and sales of rough gemstones.

Prior to joining Fura, Sen was acting global director of marketing & polished sales and marketing & sales director, Asia at Gemfields plc. During his nine-year stint with Gemfields, Sen was instrumental in implementing the ‘mines and market’ strategy in Asia. He was responsible for overall advertising, public relations, sponsorships, research, co-branding, co-marketing, education and training in his

territory. Sen has previously worked for companies like De Beers (Diamond Promotion Service), Swatch Group, and D. Navinchandra & Co.

Diaz will be responsible for the overall development of the Coscuez emerald mine in Colombia. He will report directly to the vice president – operations of the company, and will be in charge of strategic planning, implementation of the sustainability framework and communication with the local community. Diaz has over 30 years of experience in both underground and open cast mining operations.

Commenting on the appointments, Shetty said, “We are pleased to welcome Rupak Sen, who is undoubtedly one of the best and well-respected marketing executives in the gemstone industry. Sen’s appointment follows the appointment of Ashim Roy, one of the best colour gemstone geologists in the world, as Fura’s vice president – operations. Fura now has two experienced and knowledgeable executives heading its key segments: mine and market, respectively.

“Armando’s experience in South America, and more particularly Colombia, and underground mining operations, especially in a narrow vein environment, will be a great addition to the team.” ■

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## Tanishq Q2 Sales +37% To ₹2,710 Crore

Tanishq, the largest Indian jewellery retail chain, registered an impressive 37% increase in sales to ₹2,710 crore for the second quarter that ended September 30th 2017. Tanishq's second-quarter profit before finance costs and taxes was ₹367.5 crore, a jump of 68% versus a year ago.

"The jewellery division continues to gain market share and (the) watch business is seeing very good volume growth as well," said Titan Company, the jeweller's parent firm.

The jewellery business has almost completed conversion of 19 of the erstwhile Goldplus stores into Tanishq. This move has yielded greater visibility and profits for the company.

Bhaskar Bhat, managing director, Titan Company, said, "Our jewellery business was impacted by the new PMLA regulations at the beginning of the quarter but the rollback just before the festive season provided a boost to the business. However, the slowdown in international markets continued. Driven by the performance of all divisions, led by jewellery, the profit growth of 74% is very heartening."

Titan Company announced an exceptional growth in profits while reporting a growth of 28.9 percent in income in the second quarter. The income from operations in the second quarter, July to September 2017, was ₹3,378 crore, against last year's income of ₹2,620 crore during the same period. The income for April to September 2017,



the first half of this financial year, stands at ₹7,322 crore, registering a growth of 35.8% over last year.

The net profit for Q2 is ₹305 crore, against ₹178 crore last year, recording a growth of 70.9%. The net profit for the six months ended September 2017 is ₹572 crore. The Q2 profit before tax is ₹424 crore, a growth of 73.8% and ₹795 crore for the first half, a growth of 89.1%.

The Titan Company retail chain stands at 1,415 stores, as on September 30th 2017, with a retail area crossing 1.8 million sq ft nationally for all its brands. ■

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## China's NGTC & GII Sign Technical Collaboration Agreement



Bakul Mehta and Ye Zhibin signing the agreement in Beijing on November 9th.

Mumbai-based Gemmological Institute of India (GII) and National Gem Testing Center (NGTC), China, two leading institutes working in research and development in gemmology, gem and diamond testing, have entered a historical agreement for developing and promoting various technical and trade-related aspects concerning the diamond industry. The agreement was signed by Bakul Mehta, chairman of GII, and Ye Zhibin, director of NGTC, at Beijing, China, on November 9th.

The agreement will pave the way for building scientific and technical collaboration, mutually exchanging gem expertise and grading standards, and utilising this expertise in service to the gem and jewellery industries in both countries. GII and NGTC will also share know-how on training courses and support the acquisition

bringing ease in doing business for trading communities of both countries.”

Praveenshankar Pandya, chairman of GJEPC, said, “China and India play an important role in the world diamond industry by offering their high-class diamond processing, cutting and polishing services. Exchange of technical expertise, equipment and other aspects would not only improve trade between both countries, but also help in improving their stand in the global market.”

The signing ceremony was preceded by 2017 China International Academic Conference arranged by NGTC. Dr. M.D. Sastry, head R&D, GII, was invited to give a talk on ‘Spectroscopy of natural and synthetic diamonds, powerful diagnostic methodology for detection of synthetic diamonds.’ ■

## De Beers Puts Voorspoed For Sale

De Beers said it is seeking expressions of interest from potential buyers for its Voorspoed mine in Kroonstad, Free State, South Africa. The company said responsible lower-cost operators could employ a different operating model that could potentially extend the mine’s operating life beyond 2020, thereby contributing to the host community through continued employment opportunities and economic activity.

Potential buyers will be required to exhibit a record of success technically and financially, and to meet all applicable regulatory and social requirements while economically and sustainably operating the mine.

Phillip Barton, CEO, De Beers Consolidated Mines, said: “I am very proud of the Voorspoed mine team, who have contributed so much to the operation’s success to date and ensured it has always operated to the highest standards of environmental and social performance. However, based on our experience with other operations, we believe the most responsible course of action is to give other lower-cost operators the opportunity to purchase the mine and potentially extend its life, as this will maximise the benefit for the community and the mine’s workers.”



Mining activity at Voorspoed. © De Beers

The Standard Bank of South Africa Limited has been appointed as financial adviser to De Beers on the proposed disposal process of Voorspoed mine.

In its South African portfolio, De Beers also operates the Venetia mine in Limpopo Province and is currently making its largest ever investment in South Africa with a ZAR20 billion (\$1.4 billion) project to take the mine underground. ■



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## Sunil Datwani & Ashraf Motiwala Inaugurate Glimpz 2017



The lighting of the ceremonial lamp.



Debashish Das won Best Design.



Urvashi Oberoi won Best Display.

Aishwarya Mirikar won Best Concept.



chief guest Sunil Datwani and guest of honour Ashraf Motiwala on November 18th.

Also present on the occasion were IIGJ director Sanjay Kothari and GJEPC executive director Veena Wadkar. This year, the students of the eleventh graduating class chose to work on the theme "Art-ism". Datwani and Motiwala

Glimpz 2017, the annual exhibition of gems and jewellery designed by the graduating students of the Indian Institute of Gems and Jewellery (IIGJ), Andheri, was inaugurated by

said they were happy to see the skills gained by the students during the three-year course and offered a word of encouragement. ■

## 'Robotisation Of Diamond Cutting In The Not-too-distant Future'



Bharat Diamond Bourse (BDB) in association with Diamond Exporters' Association Limited (DEAL) organised a seminar by Janak Mistry, a renowned diamantaire, scientist and CEO of Lexus Group of Companies at the BDB on November 24th.

Mistry took the audience through various aspects of diamond cutting parameters such as brilliance, fire, cuts,

and more and how these influence the polished diamond pricing. He mainly focused on two topics, 'Robotisation Of Diamond Cutting and Polishing of All Shapes and Sizes' and 'Value Innovation and Potential in Diamond Marketing (Blue Ocean Strategy)'.

While pointing out that there were limitations in the current auto-polishing techniques, and there was a need for human intervention in the process, Mistry said that automation would be the future because not many new recruits in the polishing sector have been added in the last couple of years. "Fewer polishers (*ghasiyas*, as they are known even today) are entering the segment, and social taboos are preventing youngsters from joining the sector. Plus, the average retirement age of a polisher is about 45 years as his eyes are overworked and he is fatigued."

Complete automation is a distant possibility, he added. Mistry noted that three new machines to aid polishers were going to be launched in December, namely, DiBox2.0 Photo video system, X-ray Tomography and Helium Polish Crown Reflect scanner. ■

## GJSCI Initiative Empowers Tihar Women Inmates

Project Rupaantar, an initiative of the Gem and Jewellery Skill Council of India (GJSCI), recently certified its first batch of women inmates from Tihar Jail on October 27th. The programme aims to transform the lives of jail inmates by helping them acquire skills that they could use to earn a living.

GJSCI with Delhi Prisons in coordination with International Bridges to Justice (IBJ) India, certified the first skill-empowered batch of 31 women inmates for the job role of hand sketch designing. These inmates will be provided work by the jewellers of Delhi and will earn money while still in jail.

The certificate ceremony was attended by Ajay Kashyap, director general, Delhi Prisons. The event was graced by Premkumar Kothari, chairman, GJSCI; D.D. Karel, director, GJSCI; Dr. Rajendra Bhola, director, GJSCI; Binit Bhatt, CEO, GJSCI; Ajay Verma, director, IBJ India, and Jayant Krishna, ED & COO, National Skill Development Corporation.

“We are happy to see the enthusiasm among the inmates for their batch completion and wish them to have a skill-empowered bright future,” said Ajay Kashyap.



“This is a great achievement in the field of skill development. GJSCI is empowering these jail inmates and their interest is overwhelming and motivating,” said Binit Bhatt. ■

## De Beers Canada To Close Victor Mine In 2019

De Beers announced that its Victor mine in northern Ontario, Canada, will complete mining and production activities in the first quarter of 2019, once the current open pit is depleted and in line with the original feasibility study and current mine plan.

Production at Victor mine commenced in July 2008. The mine was forecast to produce 6 million carats during its mine life and has already exceeded these projections, producing approximately 7 million carats to date, and it will continue to operate at full production throughout its remaining life.

The Victor mine team has been recognised for its exemplary performance throughout the life of the operation, with the mine being named International Mine of the Year in 2009 and twice receiving the John T. Ryan National Award for the safest mine in Canada, in 2015 and 2016.

De Beers developed a detailed mine closure plan before Victor mine opened and progressive reclamation work has

already been taking place at the mine for several years. To date, this has included the planting of more than 2,00,000 tree saplings and willow stakes that were harvested and grown locally through a community youth work programme.

Once the mine pit has been depleted in 2019, the demolition and environmental monitoring phase is expected to take three to five years. De Beers is working closely with community partners to create opportunities for employment and awarding contracts that will be required during this phase.

Kim Truter, chief executive, De Beers Canada, said: “Victor mine has made a significant contribution to De Beers and to Canada, and the Victor mine team has consistently delivered the highest standards of performance and safety. While we are focused on continuing to maintain production for the duration of operations, we are also planning responsibly for Victor mine’s closure in line with the agreed mine plan and our commitment to leaving a positive legacy.”

De Beers has been operating in Canada since it carried out its first exploration programme in 1961. The Victor kimberlite cluster discovery in 1987 by De Beers Exploration was the first economic diamond discovery in Canada. In 2016, De Beers with its joint venture partner, Mountain Province Diamonds, opened the Gahcho Kué diamond mine in Canada’s Northwest Territories, the largest new diamond mine to open in more than a decade. ■



## AWDC Members Join GJEPC's MyKYCBank Platform

The Antwerp World Diamond Centre (AWDC) and the Gem & Jewellery Export Promotion Council (GJEPC) have announced they will join forces in rolling out an industry-wide Know-Your-Customer (KYC) exchange platform, MyKYCBank.

The MyKYCBank platform, which had been launched by the GJEPC through an independent subsidiary, provides a centralised platform for companies in the industry to complete and manage their KYC in line with global standards. Users can easily and quickly share their own KYC data among trade connections as well as banks and other financial intermediaries.

Through the collaboration between the two authorised industry bodies AWDC and GJEPC, MyKYCBank will



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encompass the members of the world's largest diamond trade and manufacturing communities, Antwerp and India. The platform will become a powerful tool that can significantly reduce compliance costs for users, bring greater transparency in the industry and build confidence of other stakeholders in the industry, such as financial institutions and government. ■

## PGI Launches New Platinum Evara Marketing Campaign



Platinum Guild International (PGI) launched a new integrated advertising and marketing campaign to promote the all new range of its brand Platinum Evara. The campaign targets the

millennial bride and groom who prefer platinum jewellery for its subtlety and emotional quotient.

The campaign is a 360-degree programme led by a new TVC, and supported by a robust communication plan that includes TV, cinema, print, digital, out-of-home and PR across markets to ensure high reach and frequency. The content across these mediums is focused to drive awareness and recognition for the new collection that appeals to the post-wedding lifestyle of the urban bride and groom. The programme also includes an in-store campaign, "A Shower of Blessings", to address the last mile of the consumer journey.

Platinum Evara has seen a growth of around 15-20% in sales in the first six months of 2017 with continued support from PGI's key retail partners. PGI attributed the growth to increased demand from younger consumers. ■

## GSI Holds Synthetic Diamond Seminar At DMCC

Gemological Science International (GSI) presented a seminar titled 'Man-made Diamonds – Myths, Facts and Realities' at the DMCC in Dubai on November 20th. GSI chief gemmologist Seema Athavale and GSI chief information officer Nicholas Del Re were the key presenters.

The seminar focused on the growth of man-made diamond manufacturing and its impact on other areas of the trade, in particular, the natural diamond jewellery industry, and how these interactions can be successfully managed. ■



# 1st India Diamond Week in Mumbai A Success

**T**he Gem & Jewellery Export Promotion Council successfully held the first India Diamond Week (IDW) at J. W. Marriott Mumbai Sahar, from November 6-8. Over 110 buyers from 11 countries including USA, Turkey, China, Russia/CIS, Lebanon, Saudi Arabia, South Africa, South Korea, got a half-hour, one-on-one slot during the event with each of the 48 Indian diamond manufacturers.

The three-day event was a hit and both the buyers and sellers were happy with the outcome that would help them build business ties between national and international diamantaires in the time to come.

In his inaugural speech, GJEPC chairman Praveenshankar Pandya noted, "We find this concept very focussed as has been the experience in the past seven editions held abroad. The format is conducive to doing some serious business and the results have been positive, but it would be difficult to guess the business that was transacted at IDW as the deals were done directly between buyers and sellers."

Pandya added that since the inventory of suppliers was matched in advance with the requirements of the buyers, it had positive bearing on the sales. "There's a pressing need for focussed buying activities with our customers worldwide, to ensure that supply and demand should match on a regular basis." Pandya also noted that this format complements larger B2B exhibitions and will propel India's growth in the diamond sector.

Speaking to the media on the sidelines of the show, Reuven Kaufman, president, Diamond Dealers Club of New York, compared the concept to speed dating, stating that their organisation was the first to initiate the buyer-seller concept as it is the best way to support and increase

business. Citing close ties with the Indian diamond community, Kaufman said that a contingent of 40 members had visited the first edition of IDW. He said that the speed dating had got converted to quite a few 'marriages' at the event as deals were finalised, "and the buyers can't wait to come back". "The GJEPC has done a magnificent job with its first Mumbai edition," commented Kaufman. "The keyword here is uninterrupted networking. Many of our members visited India for the first time. Tremendous amount of business was done during the three-day event."

Mehmet Can Özdemir, a board member of the Turkish Jewellery Exporters Assembly, informed that Turkey was represented by 27 buyers for the show. He felt that having an intimate, one-on-one meetings helped them transact business. "In a large show, we tend to get lost, but smaller formats tend to be effective. Many of us were able to strike collaborative deals."

In general, it made sense to most buyers to come and meet suppliers of India, which is the world's largest manufacturing hub of cut and polished diamonds.

One such visitor testified the worth of visiting India. Gurhan Temeltas of Atasay Jewellery, one of the largest jewellery companies in Turkey, stated that he visits India every 45 days to source diamonds and find new suppliers. "This single trip to the IDW event helped me identify more suppliers than I ever have in so many trips. I found diamantaires who could deliver the stock of exact size and colour specifications regularly. This helps plan our jewellery production time lines, thus leading to sustainable growth."

Kaufman agreed that being assured of steady supplies of diamonds from diamond manufacturers in the world's



biggest manufacturing hub also makes the business cost-effective.

Another buyer commented that earlier their company would source diamonds from Antwerp but in the recent past they have shifted their focus to India.

Pandya concluded that since the event had a positive outcome, many buyers showed interest in visiting future editions of the show in India. "November is a good time for big markets, especially the US that needs to cater to the demand for the holiday season. "With the Middle East having completed a major festive season, and the Chinese New Year not too far away, even the buyers from these countries felt that it was a good time to host the show," he stated. ■



Prime Minister Narendra Modi with King Philippe of Belgium, at Hyderabad House, in New Delhi on November 7th.

# GJEPC Welcomes King Philippe of Belgium

**T**he Gem & Jewellery Export Promotion Council (GJEPC) and the Antwerp World Diamond Centre (AWDC) hosted His Majesty King Philippe of Belgium at a round-table discussion in Mumbai on November 9th. The talks revolved around the contributions of the diamond industry to social and economic development.

The round-table included high-ranking members of the Antwerp and Indian diamond communities, Belgium's Deputy Prime Minister and minister of foreign affairs and European affairs, Didier Reynders, and Indian minister of commerce and industry, Suresh Prabhu.

King Philippe and Queen Mathilde of Belgium were on a state visit to India from November 5th to 11th, accompanied by six ministers and a high-powered business delegation comprising CEOs of 86 Belgian companies, 13 chiefs of academic institutions and 29 members from the media.

The diamond trade overwhelmingly dominates Indo-Belgian commerce. Trade in gems and jewellery constitutes over 75% of the bilateral trade and diamonds make up more than 80% of Belgian exports and more than 40% of Belgian imports from India.

The Antwerp delegation took the opportunity to demonstrate the ways in which the diamond industry contributes to social and economic development, focusing on the responsibility diamond companies have to do business in a sustainable fashion.

Stephane Fischler, president of AWDC as well as the World Diamond Council, said, "In India, more than a million people are employed in the diamond industry. The same economic importance applies to Antwerp, where more than 32,000 people work in or are dependent on the diamond trade.

"And, it must be said again and again, directly or indirectly, the diamond

industry supports the livelihood of more than 10 million people worldwide. It is hard to understate the importance of the diamond trade to many economies and individuals around the world. But with great importance comes great responsibility, so failure is not an option."

Fischler spoke about Antwerp's efforts to secure a sustainable future of the trade, highlighting the AWDC's partnership with the Diamond Development Initiative, an organisation that audits and certifies alluvial and artisanal diamond areas in Africa against human and social rights standards, and CIFAL Flanders, a UN training centre supporting the implementation of the sustainable development goals, with which it set up a "Start to SDG" support programme for the diamond industry.

Fischler added, "I am proud of the efforts the diamond industry in general, and Antwerp in particular, is taking to foster global socio-economic

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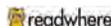
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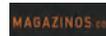
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development. There is no doubt that we, as an industry, have made great strides and come a long way. Our corporate social responsibilities and responsible sourcing standards are now embedded in the diamond industry ecosystem. But this does not mean we no longer face significant challenges, or that we have overcome the negative perception of our industry.”

GJEPC chairman Praveenshankar Pandya said that Indian diamond companies have been involved in charitable initiatives such as setting up of schools and hospitals, by dedicating nearly 10% of profits on CSR activities; much more than the 2% mandated by the government.

Suresh Prabhu said that efforts were currently underway for India and the EU to enter a Free Trade Agreement. “We should work towards doubling the trade between the two countries in the next five years,” he urged.

The event also featured speakers from several companies who exchanged ideas and case studies, discussing how CSR policies can be reinforced and translated into daily practices on the level of mining and trade, and investigating how the Kimberley Process can contribute even more to improving ethical business practices in the industry.



(From left) Suresh Prabhu, King Philippe of Belgium, Didier Reynders and Praveenshankar Pandya at the round-table.

Among them were Peter Wollaert, managing director of CIFAL Flanders; Amit Banshali, managing director of Rosy Blue; Kinjal Shah, regional director of the Responsible Jewellery Council (RJC) India; Marie d’Huart, executive director of CAP Source and founder of ‘My Fair Diamond’, a new diamond jewellery collection whose raw materials are fully traceable down to the mine; Vijay Iyer, managing director of Rio Tinto in India; and Geert Van Reisen, head of strategy and portfolio management – diamond & jewellery clients at ABN Amro.

On the sidelines of the round-table, Suresh Prabhu paid his maiden visit to the offices of the GJEPC and the Bharat Diamond Bourse (BDB), where he interacted with a delegation comprising

committee members from both industry bodies.

GJEPC chairman Praveenshankar Pandya highlighted some of the industry’s demands of the diamond, gold, jewellery and coloured gemstone sectors. These included: (for diamonds) a presumptive taxation system, policy to allow job work, increased bank lending, and the implementation of Merchandise Exports from India Scheme (MEIS); and (for gold and jewellery) an import duty reduction to 4%, availability of duty-free gold for exporters, and adequate credit/working capital for MSME companies. Pandya also spoke about setting up jewellery parks across the country to provide optimal working conditions for artisans and provide access to modern technology.

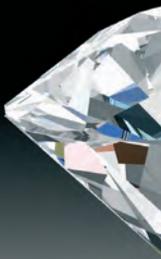
Turning to the silver sector, the chairman requested that the duty should be on par with other metals; and silver jewellery must be nil rated under GST or taxed at not higher than the earlier indirect tax of 0.5% to 1%.

Responding to the presentation, Prabhu said he would look into the issues raised with regard to the different sectors, and said that there was a need to strengthen design facilities and cultivate designers who could create products for international markets. He suggested that the Council could organise a meeting of select leading retailers from the key global markets, adding that if the industry was to achieve the vision of \$60 billion of exports, it needed to look beyond the NRIs and Indian diaspora globally and tap new markets. ■



Suresh Prabhu holding discussions with gem and jewellery exporters in Mumbai.

# A TALE OF FOUR TAXES



*Industry analyst*  
**PRANAY NARVEKAR**  
*examines the direct and  
indirect tax structures in  
place in the four major  
midstream centres –  
Belgium, Israel, Dubai  
and India.*



**C**harles Dickens, in his famous book, *The Tale of Two Cities*, set his story in the turbulent events of the French Revolution and covered them from the perspective of two cities, namely London and Paris.

While the events surrounding us are not quite that dramatic, the usually stable taxation scenario in the diamond pipeline has been in the midst of a few fairly radical changes in the last 1-2 years, as direct and indirect taxes at the four largest midstream centres get modified. Just like in any other industry, diamond companies will adjust their businesses to adapt to these changes. As they fully assimilate these modifications, it could alter the direction of the flow of goods in the pipeline.

### **Direct tax changes**

The beginning of this year saw the tax policies in both Belgium (Antwerp) and Israel (Tel Aviv) change. Both countries had a similar income tax regime (except for differing rates) which had been put in place decades earlier. These countries levied a minimum tax on diamond companies, which was levied as a percentage of the turnover. If the actual tax liability, on the basis of the income or profit, exceeded this minimum amount, then the companies were liable to pay the higher amount.

While this was termed as a “turnover-based tax”, it was never truly a turnover-based tax. In a way, a certain amount of tax revenue would flow in for tax authorities while allowing the industry to reduce disputes regarding stock valuation and transfer pricing.



**The tax rate in the minimum tax regime in Israel was set at a time when there was a flourishing polishing industry, along with stable diamond prices. The rates were set at a level which was realistic for those conditions which no longer exist.”**

The tax rates were set in a period of stable and increasing prices, when most of the rough diamonds were sold through the De Beers. Post 2008, the diamond pipeline has seen a huge change, with price volatility being a part and parcel of the trade. Since 2011, the global price in dollar terms has reduced by nearly 25-30%. This drop directly cuts into the profitability of the industry.

In 2017, both Belgium and Israel changed their tax system in totally opposite directions. What was interesting was that the industry in both countries declared that this tax reorganisation was a big step forward, and it would go a long way in supporting the trade. While it may sound counter-intuitive as to how two totally diverse actions actually found acceptance with the industry, on closer examination, it looks obvious.

Belgium is primarily a trading location for both rough and polished diamonds. Belgium moved from the minimum tax system to a fully turnover-based direct tax system for diamond companies, which meant that companies only pay taxes purely based on turnovers. In doing so, the industry body negotiated a tax rate which is double that of the existing minimum rate! It actually was a smart move, as the government gains additional revenue,

while allowing companies to also meet their International Financial Reporting Standards (IFRS) obligations as well as get a certainty on their taxation. The incentives for adjusting stock valuations disappears.

In an industry where the average net profitability has been below 1% of gross turnovers, after accounting for stock price movements, every fraction counts. This step allowed Antwerp to respond to the emergence of other trading locations like Dubai, which offered a taxation-free business climate. As long as companies do not misuse the provisions, it is definitely a huge positive step for Antwerp.

Israel on the other hand, shifted to a normal income tax regime, where taxes are levied on profits, as is prevalent in most jurisdictions. This meant that the minimum tax, which was levied on turnover does not need to be paid.

The tax rate in the minimum tax regime in Israel was set at a time when there was a flourishing polishing industry, along with stable diamond prices. The rates were set at a level which was realistic for those conditions which no longer exist. Polishing in Israel has gradually reduced and trading is taking more precedence. Profitability in the industry is also not assured any more. Hence it was a logical step for the industry to ask for the minimum rate tax regime to be dropped.

While this may be logical, the question is whether it is the best approach for the industry. With a profitability-based taxation, issues of transfer pricing and stock values become more critical. A 1-2% difference in stock prices can even wipe out the profits for the diamond company. While the diamond company might be able to claim losses and not pay any tax, it might be looked at with suspicion. Hence the ultimate success of this measure might actually depend on the view taken by the tax authorities.

### **Turnover tax for the Indian diamond industry?**

A turnover tax for the industry has been debated for quite some years now. The

Gem & Jewellery Export Promotion Council (GJEPC) had also worked in the past to try and bring in a turnover tax-based regime in India. However, most of the discussion with tax authorities ends up veering round to some sort of benign tax regime (i.e. some rate above which there would be less scrutiny), something similar to what Belgium and Israel had in place before the latest changes. I can imagine that a similar discussion would have transpired in both these countries as well.

The reason for the hesitance of the authorities to accept a pure turnover tax is the fear that the scheme could be used to avoid tax by diverting profits from other affiliated businesses. Additionally, there is the fear that the authorities would be perceived to be giving a tax break to the industry. Unfortunately profitability benchmarks from 2-3 decades ago are considered, while the industry currently struggles with profitability.

In reality, a turnover tax is actually one which might work best for the industry. From a government perspective, it could provide more stable revenues (compared to turnover, profits are more volatile) while also significantly reducing the workload and disputes arising out of stock and transfer pricing issues.

Turnover taxes are also quite similar to a Financial Transaction Tax. The latter has been discussed and used for centuries and is typically levied on every transaction and have been often considered to reduce volatility in financial markets. American economist James Tobin applied the same on currency transactions in the '70s that went on to become famous as the Tobin Tax. Typically, the financial transaction tax is used to curb volatility and speculation and has been considered for more equitable tax collection. Economists also increasingly believe that a financial transaction tax is less susceptible to evasion in today's connected world.

In India, the government went ahead and put in place a Securities Transaction Tax for transactions and trading on equity and derivatives exchanges. Imposition of the tax reduces the tax element and

if held for one year, exempts long-term gains. The reason for this was to reduce the overall burden of administering the tax in these markets, but it also helped attract individuals and companies on the exchanges.

A turnover tax works for both the government and the industry when the business is primarily trading focused. The government is able to reduce tax collection efforts while also gaining lower volatility in tax payments. The industry is also able to operate more transparently through its business cycles without the fear of undue taxation. Over a 5-8 year period, the revenue gains and losses would probably balance itself out.

### Indirect tax changes

On the indirect tax front, India implemented a new Goods and Services Tax (GST) from July, while the UAE is expected to implement Value Added Tax (VAT) from January 2018. Indirect taxes, whether GST or VAT, essentially help to avoid double taxation in transactions. However, funds paid for on the tax do get locked up for the inventory which is held.

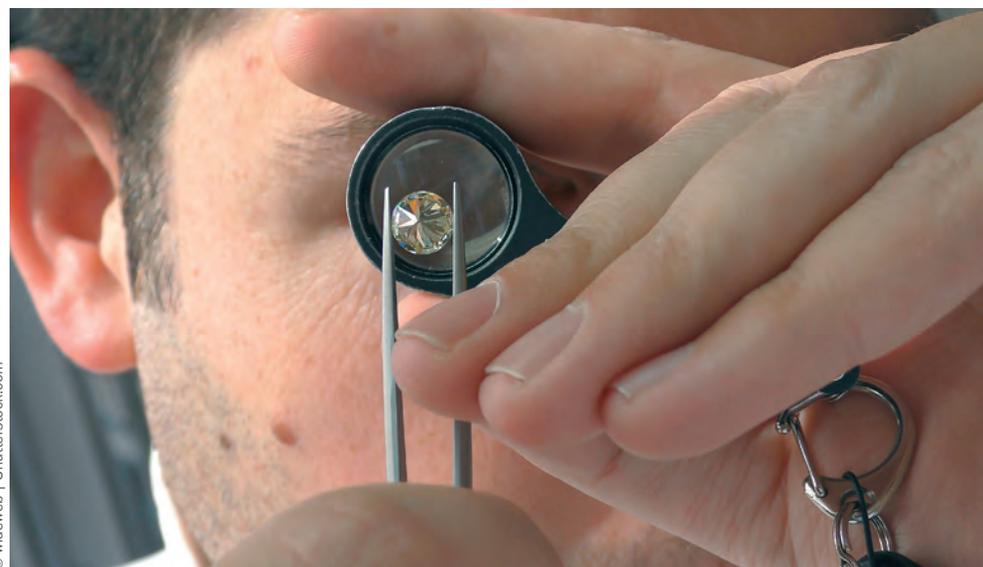
In India it was hoped that diamonds trading and polishing would be excluded from the GST ambit, or fall under the zero-tax category as the product is primarily meant for export. However, the government decided to levy a 0.25%

duty on rough diamonds and a 3% duty on polished diamonds, which brought it in line with all other gold and jewellery products. While the rate does not look too onerous, the primary concerns were focused on the procedures and the rules, especially for exports. Exporters finally started receiving some refunds for the duty paid only in November, meaning that monies had been locked up for over five months. Apart from this, companies with sizeable domestic business have also indicated that they have not got the full refund in some cases.

Teething troubles are being sorted out by the government, as they try to alleviate the problems faced by the industry. Currently there are limited capacities to polish diamonds outside India, and these issues are unlikely to cause any major shift in the business in the short term. In a long-term scenario, the issues with GST would be factored into the costs before decisions on capacities are taken.

The implementation of VAT in the UAE might pose a more serious challenge for Dubai. Dubai transformed into a major diamond centre over the last 10-15 years by facilitating ease of doing business. Bringing in a VAT regime will set Dubai back significantly.

At the very obvious level, VAT will affect the local sales as prices go up. Our research has shown that diamond



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Country	Category	Direct Tax	Indirect Taxes	
		Corporate Tax	Import Duty	VAT/GST
Belgium	All	33.99%	Jewellery - 2.5%	21%
	Diamond Traders	Approx 0.19% of turnover	Diamonds - 0%	0%
Israel	All	25%	0%	17%
	Diamond Dealer	Minimum 0.3% of turnover till 2016	0%	0%
India	All	30.9%+ of profit for corporates	Rough - 0% Polished - 2.5%	GST Rough - 0.25% GST Polished - 3% from 1/7/2017
UAE	All	0%	0%	0%
	Post Jan 1 2018	0%	0%	5.0%
Hong Kong	All	16.50%	0%	0%

Source: Pharos Beam Consulting LLP

consumers buy based on the value, and not really the carats. A higher price will effectively reduce the income of companies. Also, Dubai is a major buying centre for the GCC countries and India. VAT could change the balance between prices in Dubai and in their home countries and affect buying, considering that VAT refunds could be a while away.

In theory, VAT should not really affect B2B trading. In Dubai, large memo terms are quite normal, however VAT will increase the cost of this exercise. Companies who hold excess stocks in Dubai will have to factor in the additional fund requirements. In any case, reporting requirements will increase, and reduce the ease of doing business, which was the primary competitive advantage for Dubai. The actual impact will depend on how seamlessly the refund process functions.

It is interesting to summarise the direct and indirect taxes for the industry in five major midstream centres.

An interesting observation is that apart from India and Dubai, in all the other four centres there are no indirect taxes or the industry has obtained a special dispensation. In both India and Dubai, these taxes are just taking root and their long-term effect still needs to be examined.

India should be differentiated because a sizeable portion of manufacturing is also to be considered. Diamond trading centres

seem to flourish only when they operate in a zero indirect tax regime.

This seems to suggest that the Dubai might struggle to retain its position as a diamond trading centre, unless it comes up with a special policy dispensation to create a zero indirect tax policy for diamonds. I am given to understand that the trade bodies are making concerted efforts to try and make that happen. I hope a non-favourable outcome does not cause an exodus.

### What does this all mean?

Currently, on the direct tax front, I believe that Belgium has created a more conducive environment for diamond companies, bringing certainty in the taxation and reducing taxation conflicts. For Israel, the industry might find that while taxes might be lower, in the long run, the cost of doing business might increase through increased scrutiny of transfer prices and operations

When looking at indirect taxes, India is just starting to address exporters' GST refund issues. However, the lack of large-scale polishing facilities outside India will mean that diamond polishing will not be affected, although it might be subdued. For Dubai, the diamond industry will be severely affected, unless it gets an exemption from VAT. Dubai is purely a trading centre with little manufacturing. Indirect taxes lock up funds and slow down trading. As Dubai goes about setting the VAT processes, the need for blocking funds could simply overwhelm the benefit of zero income taxes.

Ultimately, the actions of diamond companies will boil down to costs. Most diamantaires consider direct taxes to be simply a cost of doing business and the impact of indirect taxes will also be similarly factored in. Other factors mentioned affect the ease of doing business, whose cost can also be worked in. The changes in tax essentially change this cost equation, which will ultimately determine the relative share of business done at the centres. For that we will have to simply wait and watch. ■



**Pranay Narvekar** is the CEO of the Gem & Jewellery KYC Information Centre. He is also a partner at Pharos Beam Consulting LLP. He is a leading expert on demand and supply, strategic, financial, and structural problems of the diamond industry. He has over 15 years of consulting experience, and had worked with Rosy Blue for nearly eight years. Narvekar has completed his B.Tech from IIT Bombay and Post Graduate Diploma in Management from IIM Lucknow.  
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# FURA GEMS

## TO FOCUS ON UNDERVALUED MINES: DEV SHETTY



Dev Shetty, president and CEO, Fura Gems

**DEV SHETTY**, president and CEO of Fura Gems Inc., an up-and-coming gemstone mining firm that recently acquired the famed Coscuez emerald mine in Colombia, speaks to **SOLITAIRE** about plans for deploying modern technology to ramp up production. Fura Gems aims to set a new precedent for best practices in the gemstone sector as it goes about acquiring other undervalued assets.

### What is your vision for Fura Gems?

From the time I have joined Fura in January 2017, I was clear that we want to call ourselves a mining and marketing company. We don't want to position ourselves as the "De Beers of colour gemstones", nor do we want to call ourselves "the world's largest colour stone miner". As a progressive and imaginative company, we aim to set the new precedent for best practices in the gemstone industry by transforming current standards into the premier example of an employee-friendly, sustainability-driven, community-centred enterprise.

### How is your experience at the world's leading gemstone mining company helping you take on the mantle of CEO at Fura?

My previous experience provided me with immense learning. If you look at the colour gemstone industry, prior to Gemfields there was little or almost no organised mining in this sector. This meant that there were no past examples of right or wrong. We had to do everything for the first time and there was learning all the way and we were successful in creating the world's leading colour gemstone mining and marketing company. At Fura, I have put a lot of those

previous learnings into practice. As a new company, we must be very careful in terms of our spends, but that does not mean we will compromise on quality. One key learning which I am implementing is to have a great team. I have hired some of the best talents from within and outside the industry. The team is professional and very committed and all of us are working towards one common goal, which is to build a great business together, something that all of us will be very proud of.

**What is Fura Gems' production capacity of emeralds and rubies at present?**

It is too early to talk about production numbers at this point of time. You may be aware that as of today, we have four ruby licences in Mozambique, and in Colombia we have two licences, including the Coscuez mine, which is one of the most iconic Colombian emerald mines. We have already started our drilling programme in Mozambique and in Colombia we are taking the handover of the mine from the previous owners. In both cases we are looking at getting into production in about 12 months with an intention to sell rough rubies and emeralds within 18 months of the completion of the transaction, i.e. December 2017.

**What is your main distribution method in bringing goods to market – auctions, tenders, sights, etc.?**

A lot will depend on the kind of product mix that we get from our mine. We will surely be selling our gemstones through an auction platform, as there is a lot of understanding and awareness in the trade about this

platform. We are also considering making some changes to the selling process, but we will let the trade know once we are ready to do so. We have already received interest from quite a few large jewellery manufacturers and retail brands asking us for direct supply, but we have not yet made up our mind about it.

**Tell us about the ramp-up plans at the Coscuez mine in Colombia. Will it boost production capacity and by how much? What are the estimated emerald reserves and life of the mine?**

Coscuez is a massive emerald mining operation with more than 25 levels of underground workings. The mining activity is concentrated at centre of the hill range and the company Esmeracol, to date, operates at the lowermost level known as La Paz. The other active tunnels are operated by associated companies or groups of artisanal miners. As per an estimate by the vendor of the licence, the estimated resource is over 2 million tonnes with an average grade of about 1 carat per ton. The estimate is only based on the current 300m vertical distance and on board geological mapping of the ore body exposed in the underground openings.

The first job Fura will do is to augment this resource statement many times by systematic subsurface drilling, as we believe that there is a tremendous scope of expanding the resource statement below the La Paz level as well as upper levels in the mining zone which has not been mined systematically. A detailed geological study, which will be done immediately with core



**We have already started our drilling programme in Mozambique and in Colombia we are taking the handover of the mine from the previous owners. In both cases we are looking at getting into production in about 12 months with an intention to sell rough rubies and emeralds within 18 months of the completion of the transaction, i.e. December 2017.”**





Colombian emerald exhibited by a dealer.

drilling, will augment this resource many times. This will boost production by at least 3 to 4 times of the current levels and extend the life of the mine.

**How will Fura market Colombian emeralds globally? Anything specific planned for India?**

For centuries, Colombian emeralds have been one of the most sought-after product categories in the world. Colombian emeralds have adorned glamorous women from all over the world for ages – everyone from royalty, including the Indian princely states, to Hollywood and Bollywood. Most of the biggest jewellery brands from Cartier to Van Cleef & Arpels to Bulgari, all have created exquisite jewellery pieces using Colombian emeralds. We as such don't have to spend large amounts of money advertising Colombian emeralds as it is already a very

well-established category. However, we would further build aspiration through our global PR campaign and retail and consumer education. We also plan to work with some of the large jewellery retailers across the globe, including India, and do co-marketing and branding with them.

India surely will be an important centre for our rough gemstones. We are quite certain that a significant part of our Colombian rough would be purchased by clients based in Jaipur. From a consumer point of view, there is a huge demand for Colombian emeralds in India.

**Will you be upgrading facilities at your Mozambique ruby licences as well? Will you look to deploy the latest technology at future acquisitions as well?**

We believe in a systematic, multidisciplinary, scientific approach for the evaluation of any of our deposits. This is done by using the latest technology available in the market, resulting in reducing the gestation period from a greenfield project to a producing asset.

In Mozambique, we are in greenfield to brownfield areas and already systematic subsurface drilling has been initiated after a detailed study by geologists, which led to the identification of the target areas. The team has thorough knowledge in the area and the technology available for extracting this valuable gem from the ground.

**Consumers are becoming increasingly sensitive about issues like fair trade, sustainable mining,**

**ensuring that miners and local communities are well looked after. Tell us more about Fura Gems' best practices philosophy.**

Fura's mission statement best answers your question. "Our mission is to create unique opportunities for all stakeholders by partnering with surrounding communities to focus on known and proven gemstone belts, including existing yet undervalued assets, supply rough gemstones through organised and transparent selling platforms, and promote mined gemstones around the world".

Just to give you an example, even before we start mining formally in Colombia, we have already hired a CSR manager, who is working with the community to ensure that the locals are aligned with what we are trying to achieve. We will ensure that as we progress, the community also progresses. Moving forward, the plan is to hire many local people so that they have regular employment through our mining activities, which is currently missing. We will empower them by giving them job-specific skill development training to ensure they are able to improve their productivity. We will also ensure that we adhere to all our obligations towards environment, health, and safety regulations. All taxes and royalties will be paid as per government regulations.

**Are you investing in technology (like Blockchain) to provide a paper trail for your gemstones?**

The current focus is to ensure that we get a strong foothold in both Mozambique and Colombia and start consistently supplying rubies and emeralds to trade partners. We will be considering new technology for the paper trail and at the right time, will make an announcement as it is in an early stage of development.

**Will Fura look to venture into downstream activities like cutting/polishing, retail, etc.?**

Our core strength at Fura is mining and marketing and we will stick to our strengths. We are very clear that we will focus only on selling rough gemstones to our clients and we will not get into downstream activities of cutting and polishing. We believe that it is not possible to control every aspect of the value chain. People have tried to do that in the past and have failed. Our strategy is "Mine and Market" and not "Mine to Market". We will focus on building a world-class mining operation and marketing it to build aspiration and demand for the category. We will leave cutting and polishing and retail to the experts. ■



Fura's CSR team in discussion with the local community.



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Sanjay Kothari, vice chairman, KGK Group

# ‘KGK’s Vladivostok Unit Targets \$70 Mn In Sales By 2017’

Jaipur-based KGK Group is one of the few conglomerates that cover the entire spectrum of mining, sourcing, processing and distributing diamonds, coloured stones and jewellery for over a century. With a global presence across 17 countries, the 12,000-staff strong group has operations and offices in Asia, Australia, North and South America, Europe and Africa.

Last September, KGK opened a high-tech diamond-cutting and polishing factory in Vladivostok, launched by Vladimir Putin, President of the Russian Federation.

**SANJAY KOTHARI**, vice-chairman, KGK Group, in an exclusive email interview talks about the reasons for setting up a factory in Russia and shares his views on the challenges of retaining, training and aligning the work-force in an efficient and effective manner in the diamond industry.

**What were the reasons behind opening a diamond-cutting factory in Russia? Are there any cost advantages vis-a-vis India? Was setting up a factory there a prerequisite to getting access to Russian rough diamonds (similar to beneficiation requirements in African nations)?**

We are looking at expanding our export markets in the Asia-Pacific region, both by selling rough through Eurasian Diamond Centre and by roping in new clients in China and Hong Kong, and in the future, in Japan, Singapore and South Korea and other parts of the globe. We expect our Vladivostok branch to reach a sales target of at least \$70 million by the end of 2017.

Free port residents will receive ample benefits. These are not just tax benefits, but also a simplified visa regime, the implementation of a free customs zone, and simplified border control procedures.

The Russian deputy prime minister gave KGK a certificate of a residence of the Free Port of Vladivostok, which helped us set up a state-of-the-art diamond-cutting factory in Vladivostok.

**What according to you are the major challenges that the diamond cutting industry is facing?**

High prices of rough and high costs of operating are some of the major hurdles for the diamond cutting and polishing industry. While global consumer demand slowed down, the midstream faced squeezed margins and working capital challenges – both of which impacted rough diamond purchases and sales.

According to me, consumer demand growth will continue to be generated from Asia, particularly China and India, driven by higher household income over the next 10 years, and the US, the world's largest market.

Despite experiencing less favourable economic conditions than preceding generations and progressing more slowly along the traditional life path, millennials do express a strong desire for diamonds when they reach financial and demographic maturity.

**How can one bridge the gap between skilled labour demand and availability?**

Diamond cutting is no longer labelled as a blue-collar job. Today, the polishers are referred to as diamond engineers. The diamond industry is well established and has a strong value chain of key players. It supports economic development and employment in many countries and often, its supply chain spans multiple geographies. Moreover, as an industry it has seen rapid growth in the past two decades with a rising demand and diamonds are globally acknowledged as the most treasured precious stones.

In pursuit of superior products KGK continually explores and applies new innovation to the diamond production process which helps employees to work in the state-of-the-art facilities. We believe that cutting and polishing diamonds is a labour of love. The human touch will remain an integral part of the manufacturing process, no matter how automated the systems get.

The main factors for an industrial revolution or any particular industry's growth are willing and excited investors, businessmen and entrepreneurs, availability of resources, and a huge flow of hardworking people. The determination and passion of the entrepreneurs and workforce combined can change the game.

**Share some details of your participation in the coloured gemstone mining sector. Do you own any stake in diamond mines in Africa, Russia or elsewhere?**

KGK is a leading supplier of rough coloured gemstones such as emerald, ruby and sapphire, with a market share of 20%.

The gems and jewellery sector is witnessing changes in consumer preferences due to adoption of Western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers like KGK are successfully able to fulfil their changing demands better than the local unorganised players.

**What is the future growth strategy for your retail arm Entice?**

The retail industry is as dynamic as it is fast growing. Consequential changes are under

way, both in consumer behaviour as well as in the industry itself. Jewellery players can't simply do business as usual and expect to thrive.

We identified three types of consumers driving the growth of branded jewellery:

- New money consumers who wear branded jewellery to show off their newly acquired wealth
- Emerging-market consumers, for whom established brands inspire trust and the sense of an upgraded lifestyle
- Young consumers who turn to brands as a means of self-expression and self-realisation

Every jewellery company should seek to strengthen and differentiate its brands through unique, distinctive designs. Most consumers prefer to buy expensive items from stores, which are perceived as more reliable and which provide the opportunity to touch and feel the merchandise—a crucial factor in a high-involvement category driven by sensory experience. Entice is the right choice to grab the same.

**Is KGK's diversification into real estate an indication of its waning interest in the gem and jewellery sector?**

More than a century ago, KGK's foundation was laid on the gemstone business further expanding into diamonds and jewellery so there is not even a minutest possibility of its interest getting waned in the same.

Since 2010, the KGK Group has diversified into large-scale realty development and it is a progressive extension with an understanding that, like jewellery, many people regard property as an important investment. We therefore apply the same guiding principles that enable us to achieve success in the jewellery sector to our real estate projects.

KGK develops world-class properties across the spectrum, including residential, commercial, hotel, industrial, entertainment and education. For each of the projects, we aim to create enduring quality and complete customer satisfaction. ■



(From left) - Valentina Setta, Liborio Stellino, Ahmed Bin Sulayem, Nour Karmastoji, HE Dr. Maitha bint Salem Al Shamsi, Corrado Facco, Tamjid Abdullah, Gianpaolo Bruno.

# VOD DUBAI INTERNATIONAL JEWELLERY SHOW: THE MIDDLE EAST'S MEGA EVENT

***VOD Dubai International Jewellery Show made its successful debut as an industry-wide mega jewellery event in the Middle East. It is a consolidation of the trade-centric Vicenzaoro Dubai and the consumer-oriented Dubai International Jewellery Week. The November event was an all-encompassing experience with networking sessions, knowledge-sharing seminars and fashion shows.***

Organised by DV Global Link – a joint venture between Italian Exhibition Group (IEG) and the Dubai World Trade Centre (DWTC), the new show consolidates Dubai’s position in the global gem and jewellery industry. The show which was a great success was a regional first as the exhibition catered to both the trade and consumer sectors.

Held from November 15-18, the show housed 500-plus local and international brands segregated into four easily identifiable communities – Global Brands, Fine Jewellery, Gemstones & Diamonds and Packaging & Technology – across more than 200,000 square feet of indoor exhibition space at DWTC.

The show was inaugurated by Her Excellency Dr. Maitha bint Salem Al Shamsi, minister of state and UAE cabinet member; Liborio Stellino, Italian Embassy ambassador for Abu Dhabi; Valentina Setta, consulate general for the Italian Consulate in Dubai; Gianpaolo Bruno, Italian trade commissioner; Mansoor Al Thani, chairman of DV Global Link; Corrado Facco, vice chairman DV Global Link and managing director of Italian Exhibition Group, and Trixie LohMirmand, senior vice president, Exhibitions & Events Management, DWTC.

Other attendees included Tamjid Abdullah, deputy director of Jawahara; Ahmed Bin Sulayem, executive chairman



of Dubai Multi Commodities Centre (DMCC); Franco Bosoni, director of commodities, DMCC; Jacob Abrian, founder and CEO of Arab Fashion Council (AFC), as well as Rubel Antonio, chairman & CFO of AFC and Cav. Mario Boselli, honorary president of Camera Nazionale della Moda (National Chamber of Italian Fashion).

Over 20,000 visitors and buyers attended the four-day event with half of the visitors coming from 84 countries outside of the UAE, mainly from the Middle East, India, South Asia and Russian-speaking countries. VOD Dubai International Jewellery Show featured the entire cross-section of jewellery industry players, from international trade

organisations and chambers of commerce, to wholesalers, manufacturers, traders, retailers and end consumers.

“Our trade and consumer audiences have responded overwhelmingly favourably to the segmentation, timing and associated events – three of the key elements of our launch concept,” said Corrado Facco, managing director of IEG and vice chairman of DV Global Link.

“Part of our success must be credited to Dubai, our wonderful home. As a strategic gateway linking Europe, the Middle East, Africa, India, the CSI countries and Central and Southern Asia, the emirate’s global standing as one of the world’s major luxury goods capitals has been pivotal. We have welcomed a huge number of buyers from our key source markets and we’ve seen unwavering commitment and involvement from the local community in terms of consumers and buyers. VOD Dubai International Jewellery Show has successfully become an official business community appointment in the worldwide jewellery agenda and created a globally-respected jewellery sourcing platform in Dubai. We are committed to enhancing and growing the event even further in 2018 with more exhibitors, buyers, features and visitors.”

The show also had the support of important strategic partners including ITA – Italian Trade Agency, Dubai Multi





Corrado Facco, Nirupa Bhatt and Tamjid Abdullah with the winners of the New Jeweller Heritage Jewellery Design Competition.

Commodities Centre (DMCC), Dubai Gold & Jewellery Group (DGJG), Gem & Jewellery Export Promotion Council (GJEPC) from India and TRENDVISION Jewellery & Forecasting, which all aided in facilitating a collective platform for sharing client lists, industry knowledge and expertise in trading, training, international conferences and more.

Far more than a promotional platform for stunning fine jewellery and gems, consumers and trade visitors alike praised the event as an all-encompassing experience that comprised a number of interactive events and seminars. Daily

jewellery catwalk shows were particularly popular with Dubai's most stylish socialites, as were the informative fashion talks and influencer meet-and-greets featuring top names including Aishwarya Ajit, Nina Zandnia, Nina Ali and Nisa Tiwani.

VOD Dubai International Jewellery Show's partnering with Arab Fashion Week also ensured that the best of fashion and jewellery were united at the show via three exclusive catwalk shows at DWTC venue.

The progressive VOD Dubai International Jewellery Show also presented the latest industry trends in Dubai via its TRENDVISION Jewellery +

Forecast industry think tanks. Renowned Italian luxury trends forecaster Paola De Luca hosted two TRENDVISION seminars focusing on key trends for 2018-2019, as well as emerging phenomena set to shake up the industry. The sessions proved to be indispensable tools for luxury lovers, jewellery magpies and retailers, traders and buyers alike.

Another important initiative was the New Jeweller Heritage Jewellery Design Competition and Awards presented by Jawhara Jewellery Group which took place on the closing day of the show. The first edition brought together jewellery designers from over 14 countries worldwide to create jewellery inspired by the heritage, tradition and culture of the Arab world. An eminent panel of judges filtered through the designs and selected the top 10 designs which were awarded at the show.

"VOD Dubai International Jewellery Show has confirmed to be the undisputed jewellery business trading hub, successfully executing a unique and innovative format that specifically gathers together the international jewellery community," added Facco. "The skills of Italian Exhibition Group and Dubai World Trade Centre, along with the collaboration of our strategic partners, have cemented the show's standing and Dubai's position at the crossroads of world luxury." ■



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# CHAINS ON SHOW AT MUSEO DEL GIOIELLO

*Museo del Gioiello in Vicenza, Italy, is holding a six-month long exhibition highlighting the most versatile of jewellery categories – the chain.*



Bisanzio necklace in gold and palladium. CARLA RICCOBONI



Chain from the Doppio Senso collection crafted with white gold, jet and diamonds. VHERNIER



Gold bracelet accented with diamonds. NANIS



Liquid Emotion silver necklace.  
FRANCO PIANEGONDA



Gold chain necklace.  
MARCO BICEGO



White gold bracelet from the Retro collection set with diamonds and rubies.  
ROBERTO COIN



Gold chain bracelet.  
UNOERRE

**M**useo del Gioiello in Vicenza, Italy, opened a six-month long exhibition starting 25th October this year till 25th March 2018 titled 'Precious Links. The Chain Between Function And Ornament'. Curated by Alba Cappellieri, professor of Jewellery Design at Milan Polytechnic, the exhibition focuses on the chain, the most versatile jewel in the history of jewellery where craftsmanship, creativity and manufacturing intersect. The exhibition showcases



The Lace gold necklace is set with amethyst, peridot, rhodolite, pink topaz and diamonds.  
VENDORAFA

a wide selection of 80 chains, dating from the end of the 18th century to the present day, that have inspired every jewellery context and represent the strength and identity of Italian manufacturing, especially in the Veneto and Tuscany regions.

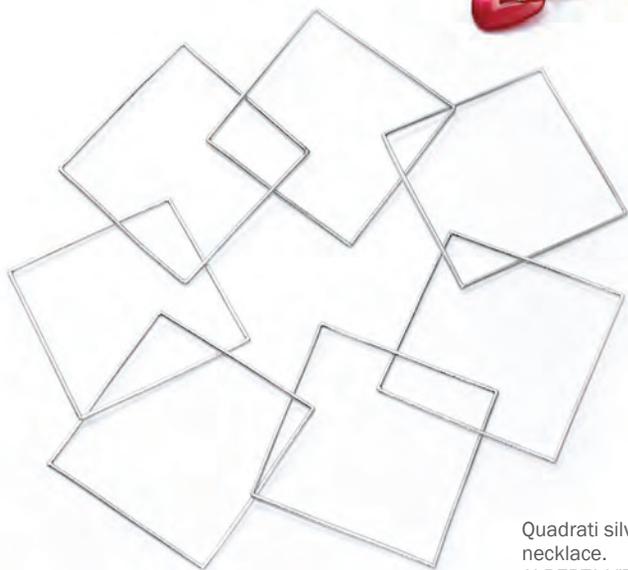
For Alba Cappellieri, "The chain tightens, binds, supports, decorates, englobes universal symbology and alludes to the fascinating idea of circularity. It is an ornament with no boundaries, neither in time nor geography, which has passed through the history of customs, art, jewellery and fashion. Chains traditionally have a double interpretation: signs of human slavery make up their negative meaning, while on the positive side, they represent beauty and social prestige. As such, they have been used by the greatest painters in the history of art to symbolise universal values like honour, loyalty and love."



Silver necklace.  
STEANO MARCHETTI



Necklace in rose gold and fuchsia mother-of-pearl.  
MATTIOLI



Quadrati silver necklace.  
ALBERTA VITA



Victoria necklace in pink gold.  
POMELLATO



Gold handmade collar titled Precious Bonds.  
DANIELA VETTORI

The exhibition displays an important selection of chains made in Veneto, which, since Renaissance times, has been a leading chain manufacturing hub. Since the time of the Serenissima Republic of Venice, the region is known to create fashionable chains of excellent quality and technical complexity.

In this fascinating itinerary that takes the visitor on a journey through time during which historical chains from 19th and 20th century Vicenza and Veneto tradition, either handcrafted or industrially-made, can be admired together with contemporary chains produced by leading jewellery companies such as Fope, Franco Pianegonda, Marco Bicego, Mattioli, Nanis, Pasquale Bruni, Pesavento, Pomellato, Roberto Coin, Unoaerre, Vendorafa



Titanium necklace.  
EMMA FRANCESCONI



Silver necklace  
with pink polish.  
PESAVENTO



Necklace with brass  
clasps. FRANCESCA  
BRAGA ROSA



Yellow gold necklace.  
GIAMPAOLO BABETTO

Lombarda and Vhernier. The collection also testifies the wealth of Made in Italy jewellery, and chains designed by famous Italian designers like Giampaolo Babetto, Francesca Braga Rosa, Emma Francesconi, Stefania Lucchetta, Stefano Marchetti, Carla Riccoboni, Barbara Uderzo, Daniela Vettori and Alberta Vita, who introduced research and experimentation in this simple category. For more information, visit [www.museodelgioiello.it](http://www.museodelgioiello.it) ■

# CIBJO Proposes KP-type Structure For Coloured Gemstones



CIBJO's newly elected senior officers. Gaetano Cavalieri (centre) is flanked from left by Marc-Alain Christen, Roland Naftule, Corrado Facco and Eli Avidar.

**T**he Confédération Internationale de la Bijouterie, Joaillerie, Orfèverie (World Jewellery Confederation), better known by its French acronym CIBJO, successfully concluded its annual Congress in Bangkok, Thailand. The three-day event, running from November 5th-7th, brought from around the world some 150 official delegates and a total about 300 participants, and covered a wide range of issues on the agenda of the international gemstone and jewellery industry. There was a strong focus on responsible sourcing, Corporate Social Responsibility and sustainability, particularly in the coloured gemstone sector. The event was preceded by the three days of pre-Congress steering committee meetings and the first World Ruby Forum.

Meeting on the final day of the Congress, the CIBJO general assembly elected Dr. Gaetano Cavalieri to another two-year term as CIBJO president. For the first time, three vice presidents were elected: Roland Naftule of the United

States, Eli Avidar of Israel, and Corrado Facco of Italy. Marc-Alain Christen of Switzerland was reconfirmed as the organisation's chief financial officer, and a new board of directors was elected, also for a two-year term.

The 2017 CIBJO Congress was officially opened by General Prayut Chan-o-cha, the Prime Minister of Thailand, who was accompanied by Apiradi Tantraporn, Thailand's minister of commerce, and Sontirat Sontijirawong, the country's deputy minister of commerce.

In his speech to the packed assembly hall, Chan-o-cha stressed his government's support for the Thai gem and jewellery industry, which is the country's third largest export earner. He said, "We need to take care of the people in the value chain to make sure that nobody is left behind, especially the lower income workers, and we also want to ensure transparency and good governance. Thailand is committed to improving our products and to becoming a global jewellery hub in the next five years,

and I hope we can grow stronger together and enable Thailand to secure this vision."

In his address, Cavalieri stressed the role of the Congress and the mission of CIBJO. "As most of you know, a CIBJO Congress is not a commercial event. There are no gemstones or jewellery on sale. We gather each year to talk about rules and regulations, standards and ethics, and strategies for the years ahead. We do so out of the firmly-held belief that, in order to succeed in business, we have to conduct our affairs in a manner that is beyond reproach, and we need to see over the horizon. The subjects we address, make that possible," he said.

"We have no illusions. Jewellery and gemstones are luxury products that consumers purchase because they want to, and not because they have to. For us there is no margin of error. If we lose the confidence of our consumers, and in so doing undercut the value of our product, we will not remain in business, let alone prosper," Cavalieri stated.

Given the fact that the Congress was being held in one of the world's leading coloured gemstone centres, many of the speakers and the sessions focused strongly on this sector, and of the growing urgency to formulate for it a viable responsible sourcing policy, which on the one hand will defend the integrity of the product from the perspective of consumers and outside observers, but at the same time recognises the critical role it plays in the lives and communities of artisanal and small-scale miners, who produce more than 80% of its rough.

A particularly powerful session focused on the integrity of the supply chain in the coloured gemstone sector. It was moderated by Anne-Marie Fleury, the standards and impacts director at the Responsible Jewellery Council, which co-organised that particular meeting.

“It is all a question of perspective,” said Sean Gilbertson, the CEO and president of Gemfields, the world’s largest coloured gemstone mining company, speaking during the session. “We can talk clinically about artisanal mining from the comfort of a luxury hotel in Bangkok, but if I was an artisanal miner working in a protected national park and my family depended on what revenue I could produce to survive, I am pretty sure that I would do no differently from what they are doing.”

In his address, Gilbertson revealed that Gemfields had developed with Gübelin Gem Lab in Switzerland a special resin made of nano-particles, which imperceptibly impregnates a gemstone that has been left in the material for a period of about six hours. While there is no apparent effect on the gemstone’s appearance or composition, the durable material leaves an indelible marker that can indicate the stone’s origin and the date it was mined. Gemfields, which will make the technology available to others in the market, is confident that it could assist in advancing traceability in the sector.

Addressing the issue of supply chain integrity in the coloured gemstone trade, Cavalieri said that government involvement is necessary to help verify the veracity of the source of supply, and that element, coupled with self-administered due diligence at the industry level, is likely to provide the most viable alternative available. “I propose that



General Prayut Chan-o-cha, the Prime Minister of Thailand, opening the 2017 CIBJO Congress in Bangkok.



The Congress was preceded by the first World Ruby Forum.

we work towards creating a Kimberley Process-type structure for rough coloured gemstones, which will enable the industry to demonstrate the integrity of its chain of distribution through a combination of government monitoring, and self-administered due diligence,” he said.

“I am not naïve,” Cavalieri continued. “I realise the conditions in the diamond industry are vastly different to those in coloured gemstones. In diamonds, just a handful of large companies control well over 90% of world supply, whereas in coloured gemstones some 80% of supply comes via literally thousands of small and artisanal miners. But if we as an industry take the lead, and work on an individual basis with governments that are eager to legitimise their artisanal coloured gemstone sectors, then we can grow organically with the group of nations working within a KP-type structure. At the same time, we can provide a legal and non-discriminatory path to the market for artisanal coloured gemstone miners, who otherwise may find themselves locked out.”

Among the other highlights of the Congress was the ratification by CIBJO’s diamond commission of several changes in its Blue Book requested by the International Diamond Council, paving the way for IDC’s set of diamond nomenclature to be merged with that of CIBJO. Consequently, from now on the CIBJO Diamond Book will be regarded as

the single definitive guide to nomenclature in the diamond business.

Furthermore, the diamond commission ratified a proposal calling on the CIBJO president to begin a dialogue with synthetic diamond producers, with the goal of bringing them into the greater jewellery industry forum, protecting the interests of consumers and the industry alike.

At the Congress in Bangkok, CIBJO’s marketing & education commission released a 60-page book, entitled *People Our Greatest Asset*, which is a guide to building a winning team of employees in the jewellery business. Authored by Jonathan Kendall, president of the marketing & education commission, it includes examples and templates of recruitment advertisements, employee assessment and employment review forms, examples of incentive programmes and much more.

The CIBJO president reported that several invitations had been received from different centres requesting to host the 2018 CIBJO Congress. He said that they are being reviewed, and an announcement about the venue and dates of the next Congress will be made within the coming two months.

The 2017 CIBJO Congress was hosted at the Shangri-La Hotel in Bangkok by Department of International Trade Promotion (DITP) and the Gem and Jewellery Institute of Thailand (GIT), both of which fall under the jurisdiction of the Thai ministry of commerce. ■

# India's Q3 Gold Jewellery Demand Plummetts 25%

The recovery in Indian gold jewellery demand during the first six months of 2017 was derailed in Q3 by regulatory intervention, according to the World Gold Council's (WGC's) latest Gold Demand Trends report. After three consecutive quarters of growth, demand fell by 25% year-on-year to 114.9 tonnes in the third quarter.

The introduction of the 3% Goods and Services Tax (GST) at the beginning of July was a contributing factor. A large swathe of Indian consumers had pre-empted the introduction of GST by bringing forward their gold purchases to Q2. This left demand a little flat at the beginning of July, the WGC said.

The jewellery trade also struggled with the new tax system. While large, organised retailers, with their sophisticated accounting and inventory-management systems, were well equipped to cope with the transition to GST, smaller, unorganised retailers faced difficulties.

Onerous anti-money laundering regulation added to the industry's woes. Already suffering from weaker sentiment, the jewellery industry suffered a further blow when the government brought the

gems and jewellery industry under the umbrella of the Prevention of Money Laundering Act (PMLA) in late August. The Act placed an administrative compliance burden on retailers and consumers alike, requiring 'know your customer' (KYC) documentation for all jewellery transactions with a value of ₹50,000 (roughly equivalent to \$750) or above. Demand therefore remained under pressure, particularly in rural India, where cash transactions are the norm, as consumers shied away from providing official ID to support gold purchases.

Recognising the difficulties placed on the industry by the regulation, the government lifted the PMLA from the gems and jewellery sector in early October. This decision was well-timed, coming just ahead of Diwali. Consumer sentiment improved dramatically, although reports suggest only average festive season buying due to the continuing obstacle of GST.

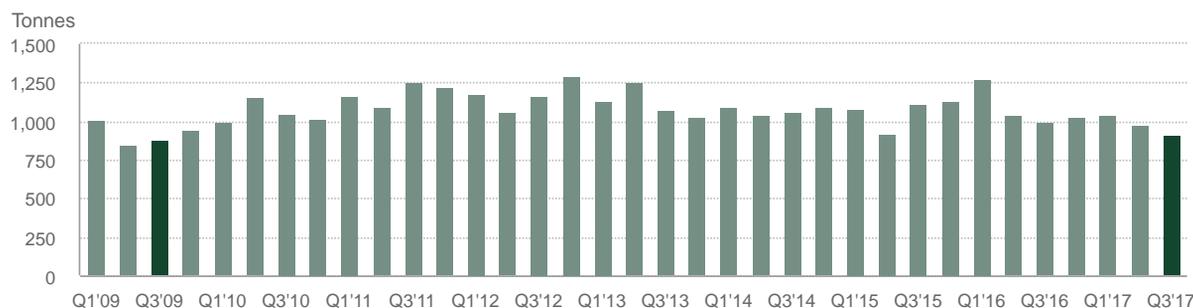
Monsoon sent mixed signals for demand. Total monsoon rainfall, although broadly normal (around 5% below the long-term average), was distributed unevenly across the country. Inconsistent rainfall during the kharif crop-sowing

season, together with prolonged monsoon rains that inflict damage on these crops, have the potential to impact rural incomes in some areas. This could have a knock-on effect on jewellery demand in these areas over coming quarters, although the effect will be mitigated by aid measures. The government raised the Minimum Support Price (MSP) for kharif crops and waived farm loans to the tune of ₹800 billion (\$12 billion) in the key food-producing states of Maharashtra, Punjab and Uttar Pradesh.

"There are reasons for cautious optimism. Our view remains that the market will continue to adapt to GST, allowing demand to recover to a certain extent. Inventory levels in the market are healthy and the removal of the PMLA legislation should encourage demand. But this positive view will likely be tempered by the impact of the uneven monsoon rainfall distribution," the WGC said.

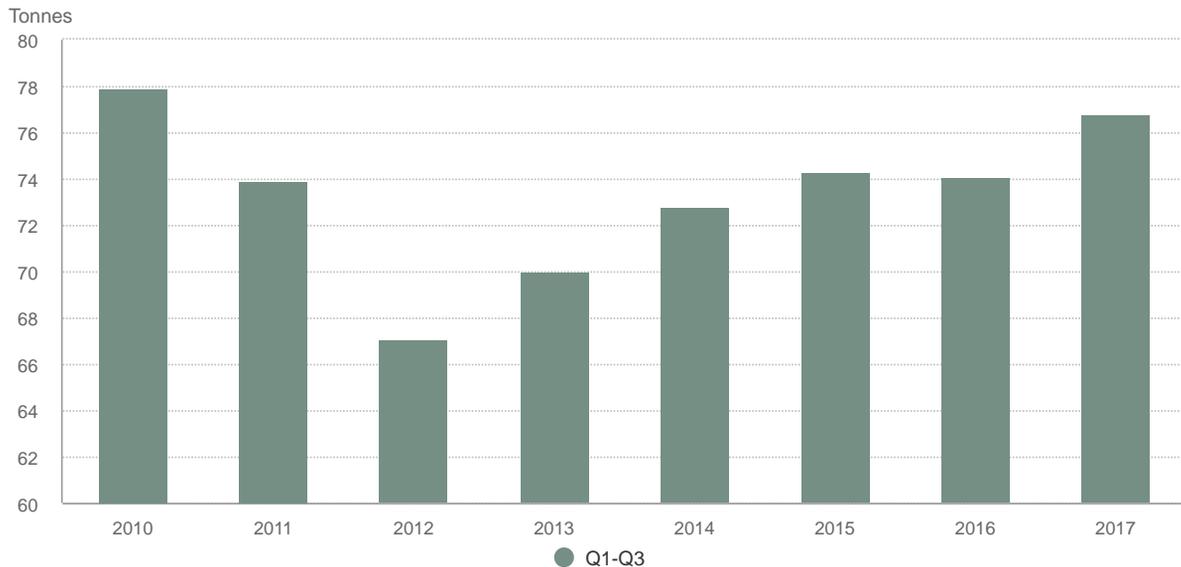
Global gold jewellery demand fell 3% year-on-year to 478.7 tonnes in Q3, dragged down by the weaker quarter in India. While ETFs had another quarter of positive inflows, these fell far short of the remarkable 144 tonnes influx into the sector in Q3 2016. Investors continued

Global gold demand lowest since Q3 2009



Source: Metals Focus; GFMS, Thomson Reuters; World Gold Council

## Year-to-date US Jewellery demand reaches seven-year high



Source: Metals Focus; GFMS, Thomson Reuters; World Gold Council

to favour gold’s risk-hedging properties, but the greater focus was on buoyant stock markets.

The US was the strongest of the industrialised Western jewellery markets. With demand of 26.9 tonnes, the US saw its strongest Q3 since 2012. The sound economic and employment environment has supported consumer sentiment this year, which rose to a thirteen-year high in October. Year-to-date demand is up 4% to a seven-year high of 76.8 tonnes, a figure that firmly maintains the position of the US as the third largest jewellery market globally.

Overall global gold demand in Q3 2017 was 915 tonnes, a drop of 9% compared with the same period in 2016. This decline was led by two key factors: a softer quarter in the jewellery sector and significantly lower inflows into exchange-traded funds (ETFs). By contrast, demand from other sectors consolidated: central bank demand was healthy in Q3, up 25% year-on-year to 111 tonnes, while bar and coin investment strengthened by 17% to 222 tonnes, albeit from a low base.

Alistair Hewitt, head of market intelligence at the WGC, said: “It was a tough quarter for gold demand. India was coming to terms with GST and anti-money laundering regulations and, although we saw ETF inflows at 19 tonnes, they were significantly lower than last year. But there were some real bright spots: retail investment demand in China grew for the fourth consecutive quarter; the Turkish and Russian central banks added to gold reserves; and, after years of declines, we also saw increased use of gold in technology, supported by the demand for high-end smartphones.”

Gold bar and coin demand growth was driven in large part by China. Global investment in bars and coins rose by 17%, from relatively weak year-earlier levels. Mainland investors in China bought on price dips, clocking up a fourth consecutive quarter of growth.

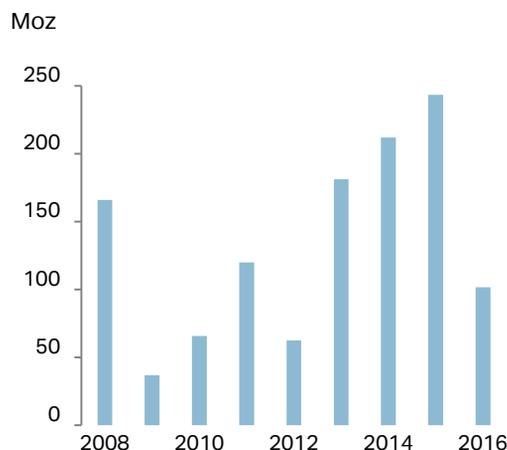
Total supply fell 2% in Q3 2017. Mine production fell 1% year-on-year in Q3, which was also the fifth consecutive quarter of net de-hedging. Recycling activity continued to normalise after jumping in 2016. ■



**The US was the strongest of the industrialised Western jewellery markets. With demand of 26.9 tonnes, the US saw its strongest Q3 since 2012. The sound economic and employment environment has supported consumer sentiment this year.”**

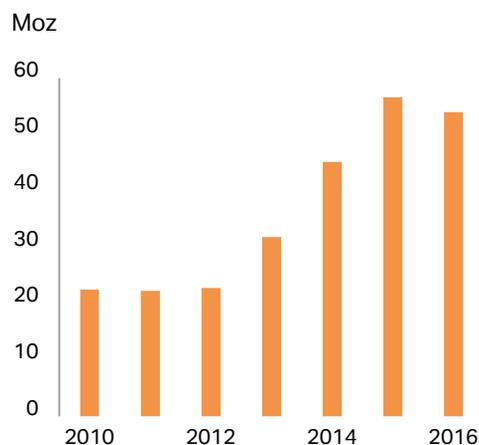
# India Plays Significant Role In The Global Silver Market: Report

Silver Bullion Imports (Gross)



Source: Indian Customs

Indian Jewellery Demand



Source: Metals Focus, Silver Focus 2017

India's cultural affinity for silver underscores the country's importance as a leading source of demand in the global silver marketplace. The breadth of the Indian silver market resonates across much of the country, currently the world's seventh largest economy. The main drivers of this market, including demand, supply, investment, trade and economic factors, are discussed in the Indian Silver Market Study released by the Washington, D.C.-headquartered Silver Institute and produced by Metals Focus, the international precious metals consultancy.

India consumed 160.6 million ounces (Moz) of silver in 2016, accounting for 16% of global silver demand. The country's dependence on imported metal means that changes in Indian offtake can impact countries that supply bullion to India. Between 2010 and 2016, India imported an impressive 990 Moz of refined silver to meet its needs.

Silver jewellery and silverware fabrication account for more than half of Indian silver demand annually. These are traditional markets, though the demand drivers and consumer profile vary considerably between both segments. Typically, silver jewellery is purchased by most income groups in India, whereas silverware is bought by the middle and affluent classes. Since the start of this decade, there has been a large expansion of demand in both markets, from around 39 Moz in 2010 to 88 Moz in 2016. Of note, the Indian silverware market is the largest in the world and its importance is growing, representing 70% of the total global demand.



**The Indian silverware market is the largest in the world and its importance is growing, representing 70% of the total global demand."**

Indian investment demand for silver saw an unprecedented rise earlier this decade. Physical investment surged from 25.7 Moz in 2010 to a record high of 110 Moz in 2015. However, 2016 saw Indian coin and bar demand fall by around 70% to 36.6 Moz, the result of higher silver prices and the government's ever tighter clampdown on unaccounted money.

On the supply side, Indian mines produced 14 Moz of silver in 2016, making the country the fourteenth-largest silver producer globally. Indian recycling of silver has experienced a steady fall over the last six years, with volumes down by almost 80%, from 16 Moz in 2010 to 3.4 Moz in 2016. This lower scrap supply was primarily due to the slowdown in Indian economic activity.

"This report underscores India's prominence in the international silver market. The country's importance is poised to evolve even further as its economy grows and incomes rise," stated Michael DiRienzo, executive director of the Silver Institute. ■

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## »» BRAND WATCH ««



### »» Rooted in Tradition



aratLane rewrites the rules of tradition with their latest 22-karat gold jewellery collection, Chokapura. The collections present a whole new range of gold jewellery that is rooted in traditions yet has an attitude that fits into today's lifestyle. The modern interpretations

borrow elements, motifs and techniques that date back in time and are tweaked to resonate with the current styles. ■



### »» Modern Treasures



latinum Evara's new collection captures the sartorial choices of the modern-day bride and groom. The collection is divided into two –

Modern Feminine for the bride and Bold Minimalism for the groom. The earrings, necklaces and bracelets for women interlink various classic motifs, and the men's line has a bold interplay of lines and structures. The combination of matt and satin finish adds character to this collection. ■

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warkadas Chandumal Jewellers helps you stay glamorous with its festive range. The brand presents a magnificent array of classy cocktail rings, statement earrings and neckpieces finely crafted in white gold and diamonds. Clean, contemporary aesthetics dominate the range of Art Deco earrings, flamboyant earrings, statement three-finger rings and bold cocktail rings adorned with fancy-cut diamonds. ■



»» Flamboyant Rings



dawna, the silver and Swarovski brand showcases vibrant rings that are apt for the party season. Studded with coloured stones and Swarovski crystals, the statement rings align with the latest trends – swirls, open work, geometry-inspired, fancy shapes and more. Pair it with your Western or Indian ensemble to dazzle the crowds. ■



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**Festive Bloom**



Forevermark ushers in the festive season with the launch of Rara Flos, a delicate floral-inspired collection that can spruce up your daily wear. The collection combines the beauty of a single blossoming flower with the radiance of Forevermark diamonds. Each flower is laser cut in platinum and 18-karat rose gold. The collection is available at select retailers across India. ■



**Party Favourites**



ishal Metallurgical Works showcases a new range of diamond jewellery studded with gems in shades of indigo and royal blue. Decorative floral scrolls are intermittently dotted with blue gemstones in the ring defined by a circular rim. The pendant takes inspiration from the Art Deco era and combines floral motifs with linear symmetry. The earrings embody the principles of minimalism and the perfect accessory for a cocktail party. ■





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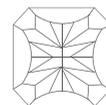
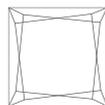


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### Our Range

**Weight:** 0.10 to 50 carat plus    **Colour:** D to M

**Clarity:** FL to I3    **Certificates:** GIA, IGI, HRD, GSI, GSL, NGTC



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