

Dubai meeting to focus on Africa diamonds

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Diamond experts and mining ministers from Africa are convening in Dubai today in potentially groundbreaking meetings on the continent's critical but often controversial role in the industry.

The World Federation of Diamond Bourses (WFDB) summit on Africa follows two days of WFDB presidents' meetings in the emirate. Mining ministers from South Africa, Angola, the Democratic Republic of the Congo and Zimbabwe are set to attend and debate how Africa is changing the global diamond scene.

While prospects for the industry are bright, speakers at WFDB meetings yesterday pointed to a long list of challenges that included a growing focus on ethics in mining and diamond financing, the perceived threat of a diamond supply shortage in the coming decades, the effects on the industry of regional political turmoil and long-standing questions about the Kimberly Process (KP), an industry scheme that certifies stones as conflict-free.

Africa was also high on the agenda. Enormous mines recently discovered in Zimbabwe became a hot topic after reports of violence and forced labour trickled out of the country's Marange diamond fields last summer. Zimbabwe has since been deemed compliant with the KP but some industry experts say the process remains inadequate.

Willy Laeremans, the chief executive of the Antwerp Diamond Bank Asia Pacific, said diamonds needed to have a "whiter than white image" in a world where increasingly sophisticated consumers were demanding better accountability and transparency.

"Today's consumers demand assurances about the integrity of the products they are buying," he said. "Consumers today want to have a good feeling about what they are buying and certainly do not want these products to be associated with child labour, human rights violations, corruption, exploitation of labour or other unethical behaviour."

The diamond industry's soul-searching comes as Dubai rapidly emerges as a trading hub for the stones. Insiders say the emirate could benefit from a rise in appetite among consumers in China and India.

Dubai's diamond trade was worth US\$35.1 billion (Dh128.92bn), and the gems routinely rank among its most valuable imports and exports. Diamonds were the UAE's second-most-valuable commodity import last year, according to a Federal Customs Authority statement this month, amounting to Dh41bn.

Peter Meeus, the chairman of the Dubai Diamond Exchange (DDE), said yesterday the advantages of Dubai included its closeness to China, India and Africa as well as cheaper costs for traders setting up in the emirate. The DDE is a subsidiary of the Dubai Multi Commodities Centre (DMCC), an economic free zone for commodity businesses.

"I have to admit two and a half years ago Dubai was a little bit overheating," he said. "Not only in the summer, even in the winter. There was terrible traffic congestion, prices of property went up tremendously, labour costs rose tremendously and, actually, the [global] crisis was a gift for the DMCC. It was good for us, because property prices became so affordable that we saw a rush of people coming here."

The DMCC has a total of more than 3,000 businesses registered to operate within its bounds in the Jumeirah Lakes Towers project opposite the Dubai Marina. More than 725 new companies registered there last year, Mr Meeus said, representing a 40 per cent increase from 2009. There were almost 530 diamond trading companies registered with the DMCC at the end of last year, he said.

Diamond trade volumes globally are spiking even as production registers slower growth. According to Chaim Even-Zohar, a renowned diamond expert, the 270 million carats of diamonds - 54,000kg of the gems - that were traded through Dubai last year was several times the amount sold on the retail market globally.

"Out of the earth last year there was 125 million rough carats, out of which 25 per cent was rubbish," he said. "And worldwide last year the polished sales were around 32 million to 33 million carats.

"[High trading volume] is exciting because every time a diamond goes around, it adds value. It makes more people happy. In my next life I'd like to be a diamond and count my frequent flyer points.