



PRESS RELEASE

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High-level WFDB delegation visits Shanghai diamond center, finalizes WFDB membership of China's first diamond exchange

ANTWERP, BELGIUM, November 26, 2003 — Headed by the organization's president, Shmuel Schnitzer, who is also president of the Israel Diamond Exchange, a high-level delegation of the World Federation of Diamond Bourses, including WFDB vice president Ernest Blom, the president of the Diamond Dealers Club of South Africa; Jacob Banda, president of the Diamond Dealers Club of New York; Suresh Hathiramani, president of the Diamond Exchange of Singapore; Lawrence Ma, president of the Diamond Federation of Hong Kong; and Eli Izakhoff, a WFDB honorary president, participated in the celebrations marking the third anniversary of the Shanghai Diamond Exchange on November 18. Shmuel Schnitzer was a featured speaker at the International Diamond Summit Forum, which coincided with the event.

The event also enabled the WFDB leadership to finalize plans for the bourse in Shanghai to become Mainland China's first representative in the WFDB. During the delegation's meeting with the directors of the Shanghai Diamond Exchange, the formal induction of the body as a member of the federation was discussed and finalized. It is expected that the bourse will be voted in as a member when the general assembly of the WFDB meets at the World Diamond Congress in New York in May 2004.

A most important feature of the visit, said Schnitzer, was that it afforded the WFDB leadership an opportunity to discuss, with both members of the Chinese diamond industry and Chinese government officials, the development of a diamond market that is likely within the next several years to become one of the world's two largest, alongside that of the United States. Four of the participants in the WFDB delegation make up a task team that was formed earlier this year, in cooperation with the Shanghai Diamond Exchange and with the encouragement of the Chinese government, to advise on the development of the country's fast growing diamond sector.

One of the most important subjects on the agenda was the removal of trade barriers, which still serve to stunt the growth of the Chinese industry. While the Chinese tax and customs regime is considerably more conducive to the diamond trade than it was previously, there are still significant steps that need to be taken. One only need look at what has achieved in other sectors, stated the WFDB president. "Procedures involving the VAT charged on platinum imports were relaxed earlier this year. The implementation of similar procedures for diamonds would encourage the import of diamonds into the country, and help meet the increasing demand for polished goods in the local marketplace," Schnitzer said.

Continued on page 2

Continued from page 1

“We are not suggesting that the diamond sector in China should not pay taxes, on the contrary,” Schnitzer emphasized. “We presented our hosts with the various income tax models that are applicable to companies and individuals involved in the diamond business, which include income tax models that are used in the various diamond centers in the West.”

Schnitzer said that the discussions also focused on the limited range of colors and clarities that are currently in demand in the Chinese diamond jewelry market. “In China, diamond jewelry consumers have become accustomed to polished diamonds that fall into the narrow color range of H-I-J, and clarities of VVS or higher. I do not know how this has come about, but it is clear that the diamond manufacturers, dealers and wholesalers, as well as diamond jewelry manufacturers and the consumers themselves, are missing out on a huge range of goods—namely those in the lower commercial colors and in clarities such as VS and SI. These still include very attractive diamonds, but in the lower price ranges. The introduction of such diamonds into the market would expand significantly the potential customer base in the country. It is imperative that both jewelry manufacturers and consumers in China be made aware of the entire range of colors and clarities available,” he stated.

On November 20, the WFDB delegation took part in the festive opening ceremony of the Shanghai International Jeweltime Expo trade show, at Shanghai’s Intex exhibition grounds. The ceremony was attended by a number of high-ranking officials, among them Shanghai’s deputy mayor.

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