

Diamond Processing Exchange:  
World Bank Knowledge Sharing Conference

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Fostering Future Opportunities  
through Knowledge Transfer & Diaspora  
Networking

by

Pierre Akkelian

Presented during the panel **Old Traditions, New Opportunities: The Evolution of Armenia's Diamond and Jewellery Industry.**

Dear colleagues & friends:

PULA.

I would like to begin by congratulating the representatives of the World Bank and the Government of Botswana for the excellent effort made in organizing this knowledge sharing Powwow (i.e., Gathering of Native American chiefs).

I am indeed grateful for the opportunity to attend and participate in this conference which I believe is important for fostering future value-added activities in the diamond industry.

It's my first trip to Africa and I've been struck by the hospitality and frankness of people here. Being close to the world's largest diamond mines, one can literally sense the excitement over the potential of this industry for the Botswana economy and for Africa.

I say Africa because I firmly believe the best opportunities, the best solutions and the best results are achievable only if African nations create a united and cohesive strategy for the development of this sector.

Based in Montreal, my company Canadian Gem, started in the diamond business 35 years ago. Soon after, we specialised in the pearl business and over the last 25 years we have consistently imported more than 1/3 of all pearls marketed in Canada. We have corporate offices in Hong Kong and Moscow and an agency office in Seattle USA.

I'm a past president of the Canadian Jewellers Association which is a national association that represents all jewellery sectors and has 1200 members. I have served on too many intergovernmental and Industry committees, national and international, to list here. What I am most proud of is to have led our industry's lobbying effort to successfully eliminate, 5 years ago, the excise tax on jewellery and watches imposed since 1918.

Today, I am here as a member of “Team Armenia”. I represent the international Armenian Jewellers Association, which I founded 14 years ago. AJA is a unique international organisation that links approximately 30,000 Armenians operating in and around the jewellery sector all over the world.

Armenians have been at the forefront of jewellery making and trade since the beginning of civilization, well before the biblical reference to Noah’s ark resting on the sacred Armenian Mount Ararat. Armenians were an integral part of the cradle of civilisation, the lands between the two rivers of Euphrates and Tigris where writing and the wheel were invented, and metallurgy was developed.

The population in Armenia is shy of 3 million but there are approximately 6 million more spread across the globe. The largest Armenian communities can be found in Moscow, where about a million Armenians live, followed by Los Angeles where more than half a million American Armenians live, followed by Paris and Beirut among other cities.

International networking and diaspora resources are vital for the survival and prosperity of Armenia. The diamond and jewellery sector would not have survived the disintegration of the Soviet Union had it not been for the support of diasporans such as the Arslanian family of Belgium and AJA co-founder Vartkess Knadjian, president of Backes & Strauss, the oldest diamond company in the world. These contacts followed by others were instrumental in transferring knowledge and skills and supplying rough diamonds in post-communist days until an indigenous industry was formed and supply channels re-established with Russia.

Keeping over 3,000 diamond cutters employed was not an easy task when the central command-economy from Moscow failed in the early 1990s and economic havoc ruled the entire region.

The international Armenian Jewellers Association has a major role to play in the development of the jewellery and diamond cutting and polishing sector in Armenia. Since its foundation in 1997, the association has been actively engaged in establishing a network of

jewellers of Armenian origin, mostly those involved in the international scene, through events, seminars and publications managed by its European office.

Promoting linkages and partnerships within the global AJA community also meant promoting linkages and partnerships with Armenia based companies. Furthermore, we have been in contact with Armenian counterparts on issues such as business environment improvements, trade facilitation and strategic jewellery development consultations.

It is noteworthy that Armenia is a member of the CIS and has free trade agreements with a number of ex-Soviet countries making it an ideal gateway to the vast and untapped Russian, Ukrainian and Central Asian jewellery markets.

Most of you are probably wondering, what is the relevance of the Armenian experience in networking to beneficiation policies discussed during this conference?

Please bear with me and allow me to interject my Canadian experience of branding Canadian Diamonds before sharing my answer to that. **I will also make two predictions**. I promise you that in the years to come you may forget most of what you heard over these past two days but will remember these predictions!

In 1999, the Canadian government sponsored a conference in Yellowknife, Northwest Territories. The purpose and format were very similar to the one here in Gaborone where experts invited from around the world were asked to share experiences and knowledge in order to investigate and establish favourable policies for Canada.

As one of the presenters at that conference, I suggested provenance branding for Canadian Diamonds. Since Canadians are known for being a peaceful and socially friendly nation in the world, I recommended we use that goodwill to market our diamonds!

As Rick Meyers (VP Diamond Affairs, Mining Association of

Canada) told us yesterday, cutting and polishing diamonds in Canada has not worked. Unlike the conditions here in Botswana, without heavy subsidies/leverages and the full cooperation of our diamond mining companies it is not feasible to competitively cut and polish diamonds in Canada. Therefore, at that time, I had recommended that:

First, we should set Canadian standards for diamonds, and allow Canadian diamonds to be cut by the best experts regardless of the country, and,

Second, brand Canadian diamonds, i.e. engrave on the girdle a patented Canadian logo, for example, polar bears or the maple leaf and create brand recognition with a fancy certificate of authenticity.

My Canadian colleague Bob Gannicott (President & CEO Harry Winston Diamond Corp. Canada) highlighted yesterday the success of Swiss watch industry, in fact, I suggested that like watches manufactured to Swiss standards, diamonds should be sold to end-users to Canadian standards.

Unfortunately, even though branding became part of the Canadian experience, we are still debating what constitutes Canadian Diamonds and have been unable to create international brand recognition.

Diamond producing African countries, therefore, could also use tailored marketing strategies to promote African diamonds. I suggest you draw and build on the goodwill that Africa enjoys in the world. If marketed properly, people everywhere will appreciate how much diamonds contribute to the well-being and livelihood of communities on this continent.

Most of us living in the affluent West have a soft spot in our hearts for Africa. All else being equal, consumers everywhere would undoubtedly choose Kimberly Process compliant and certified African Diamonds over generic ones.

There are certainly sceptics here and abroad who would argue against this approach. Indeed, as in Canada's case, this is a huge

challenge and as I stated earlier the strategy will work best if African countries unite their efforts and implement a synchronised strategy. I realize, however, that there are challenges in securing the cooperation of different African countries and industry players to support such a strategy.

I recommend you consider “Forevermark Africa” to be part of an African diamond strategy!

I also suggest that country delegations here seize the opportunity created by the World Bank conference to come up with solutions!

Armenians have a relatively new and influential diaspora. You might not realize it but, in comparison, you also have an enormously greater and ever increasingly affluent Afro-American diaspora where certified African diamonds will be incredibly successful!

Make the best use of your networks. There are many ways you can tap into the vast networking and knowledge resources of your diaspora and it all begins with you recognizing the significance of diaspora and the need to develop special approaches to engage and secure its involvement in the economic agenda and the successful implementation of a branding policy. You can count on the advice and support of AJA members, as well as our international networking resources.

To conclude, here are my two predictions:

1. Within the next two decades machines will produce diamond certificates with minimum human intervention. And probably Forevermark certificates will be more popular than GIA!
2. Within the next two decades, synthetic diamonds sales will surpass natural diamonds.

I leave you with those thoughts until we meet again...

Thank you for the opportunity  
May the DIAMOND FORCE BE WITH YOU!

## Q & A:

Dilip Mehta and Botswana ministry officials wanted to know the basis of my second prediction. The following was my response:

- The average consumer in the West is looking for the bling factor in their jewellery. Silver and crystal (Swarovski & Pandora) is the fastest growing segment of the industry and what the younger generation is buying nowadays.
- For various reasons the next generation doesn't identify with the gold and diamonds that is considered "old jewellery". Tomorrow, they will not hesitate to buy synthetic diamonds when it becomes readily available at a considerably lower cost than diamonds. Note: For the first time in history, more alternate metal wedding bands are sold for men in USA than gold.
- Most of you in the room are too close to the tree to see the forest. We know synthetic diamond technology and production capabilities are fast advancing and attracting more financing. Wouldn't you be suspicious if Bill Gates was all of sudden to sell all his shares in Microsoft? Why not for Oppenheimer selling their shares in DeBeers?
- Oppenheimer's name has been synonymous with diamonds for more than a century. Mr. Diamond himself voted with both his hands on the issue of non-confidence on diamonds' future.
- Openheimer has probably seen the writing on the wall the rest of us don't or maybe he acknowledges the elephant in the room the rest of the industry refuses to see.
- I don't take pleasure in making this prediction. The sooner the diamond industry acknowledges the threat the better you can prepare and control the damage.

Pula: Rain (*used as greeting for good fortune*)