

AWDC has Singapore and Malaysia in its sights

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The representatives of a number of the Antwerp diamond companies took part in the Belgian Trade and Economic Princely Mission in the presence of Princess Astrid of Belgium; the members of the mission visited Singapore and Malaysia in the last ten days of November. The Antwerp World Diamond Centre (AWDC) representing the interests of the Belgian diamantaires held several exclusive business-to-business events during this visit. The aim was to provide an opportunity to the Singapore and Malaysian dealers to develop new contacts with Antwerp diamond companies; and to the companies from the town on the Schelde – with their colleagues from Singapore and Malaysia taking into account the growing interest of the local consumers to the luxury jewellery.

In Singapore, AWDC - among other things - organized a meeting of the representatives of the Antwerp polish diamond industry with the banks of Singapore – the country that traditionally acted as a link in the diamond supply chain between Antwerp and India.

However, the AWDC interest in Singapore fuelled by the booming demand for diamond jewellery in recent years. “Singapore's jewelry market is expected to increase an average of 3% each year. Diamonds could play a major part in that development. Just like Malaysians, Singaporeans are particularly fond of gold. In recent years, however, Singaporeans have developed a taste for accessorizing designer clothes with exclusive jewelry,” said Ari Epstein, CEO of AWDC.

In 2013, the jewellery sales in Singapore increased by nearly 5% in volume and 8% in value. Currently, the Singaporean jewelry market is worth approximately \$3.5 billion, with 26 percent of jewelry sold containing polished diamonds.

The recent showcase of the large-size 110-carat Yellow Dragon polished diamond valued at \$11-15 mln bears evidence of the development of the precious stones market in Singapore that is a booming business and a financial hub in the South-East Asia. This decision is not a mere coincidence because experts' evaluations show that the growing interest of the Singaporeans to precious gems in the nearest decade would be as great as the demand for them on the traditional markets.

Nowadays, the 5-carat to 20-carat polished diamonds costing from \$0.5 mln to \$6 mln are selling well in Singapore. Most of the customers are the permanent residents of Singapore, including Indonesians, Indians and Chinese at the age of 40 to 50 years.

In Singapore, the prices for 3-carat polished diamonds has jumped by 238% since 2001, while the price for a 1-carat stone increased by 88.9% for the same period. The affluent consumers of luxury goods consider the purchase of polished diamonds and other precious stones and metals as a safe investment.

That said, there is a number of obstacles for the development of Singapore as a leading global diamond center. Today Singapore can be considered as a regional hub thanks to its favourable location in the very middle of the South-East Asia but the city-state lacks a large-scale jewellery exhibition to promote new names in the jewellery industry. More than that, a 7 percent VAT for loose polished diamonds and jewellery hampers growth of the jewellery market and encourages local people to purchase the jewellery in the neighbouring Hong Kong.

Being a growing promising market for polished diamonds Singapore is also a home to numerous branches of many international banks, but only few of those branches specialize in funding the precious stones market. To demonstrate the prospect of the diamond industry, AWDC hold a workshop in Singapore for the banking community. The event offered the discussions of the state-of-the-art and the prospects of financing the diamond business and among the participants there were the First Gulf Bank PJSC, CTBC Bank Co. Ltd., Deutsche Bank AG, Union Bancaire Privée, UBP SA Singapore Branch and Indian Overseas Bank.

From 2009, Antwerp has exported 1.6 mln carats of rough diamonds to Singapore for a total value of \$283 million. Over 42% of exports were in 2014, which demonstrates the upward trend in the rough diamonds trade between Antwerp and Singapore. About 184,000 carats for a sum of \$315 mln have been exported within the last six years from Antwerp to Singapore in the polished diamond segment.

As for Malaysia, in 2013 Antwerp exported 1,058 carats of polished diamonds for \$1.9 million to this country. For the first nine months of this year, Belgium exported to Malaysia the same quantity of polished diamonds but their value grew up to about \$3.7 mln, according to the AWDC data.

It is not only the demand for luxury and diamond jewelry that has propelled the diamond market in Malaysia. “Malaysians are known for investing heavily in gold. For the first time now, they appear to have discovered that diamonds can be just as interesting an investment,” says Ari Epstein.

At present, only 25% of the jewellery sold in Malaysia are diamond jewellery. The gold jewellery is in the greatest demand and makes almost half of the jewellery sales. Platinum jewellery ranks second to the gold one and accounts for 35% of the jewellery market.

The experts believe that in 2015, the Malaysian jewellery market would grow by 1.6% in volume terms and by 0.9% in value. Within the period up to 2018, the Malaysian jewellery market is expected to increase by 0.1% annually. The growth will be mainly due to additional demand for jewellery as well as higher number of jewelers on the market resulted from the positive price effect on the consumers. Lastly, the booming popular online sales have a positive effect on the development of the Malaysian jewellery market.

Alex Shishlo, Editor in Chief of the European Bureau, Rough&Polished