

De Beers August Sight To See 75% Deferrals

(Source from: JCK online)

By Rob Bates, News Director

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In an unprecedented move and a sign of the diamond industry's deepening crisis, De Beers is letting sightholders put off buying up to 75 percent of their allocations at its August sight.

This comes amid several reports of defaults in the Indian industry, including [reported problems](#) at one substantial company, Godhani Gems. There are also reports of [suicides](#) committed by out-of-work diamond workers.

“If you walk down the street in Antwerp or Mumbai, people are really suffering,” says Guy Harari, president of online rough diamond broker [Bluedax](#).

In announcing its first-half financial results, De Beers said that sales had fallen 21 percent, to \$3 billion, from \$3.8 billion the prior year. It noted that diamond demand in China has substantially decreased, and that U.S. demand dropped a bit in the first half, for “weather-related” reasons, it said.

Its new policy means that De Beers is bowing to the inevitable, as sightholders did not take an [estimated](#) 60 to 70 percent of the goods offered at its July sight. Those declines included deferrals, which lets the clients postpone their purchases for the next sight, or outright refusals of the goods.

Traditionally, De Beers has only let a company defer a purchase one allocation before they are considered a refusal. Refusals can damage a company's future standing with the company. Now the goods can be deferred for the rest of the year, says David Johnson, company spokesperson.

“We've done this as we recognize that it's a challenging period for our customers and this provides them with a lot of extra flexibility during this time,” he says.

Past refusals may still have consequences for future allocations, Johnson says.

The company is also letting sightholders delay delivery of certain goods, as previously agreed-on allocation schedules “may no longer reflect demand patterns,” he says.