

## Statement by Martin Rapaport: The Synthetic Party Is Over



The diamond and jewelry trade's promotion of synthetic diamonds as a replacement for natural diamonds is driven by greed. Synthetic diamond dealers and jewelers were able to make windfall profits by unfairly comparing the value of synthetic diamonds to natural diamonds.

Leading companies in the diamond trade, from De Beers to GIA to Signet Jewelers, supported synthetic diamonds as a replacement for natural diamonds even though they knew that the price of synthetics would crash due to unlimited supply.

The sharp drop in synthetic diamond prices will disappoint consumers who purchased synthetic diamonds at high prices. They will not trust the diamond trade again. There will be a consumer backlash. The diamond and jewelry trade will suffer reputational damage.

We estimate a 30% drop in short-to-medium term natural diamond demand due to the negative impact of synthetics. It will take years for natural diamond demand to recover.

The diamond dream whereby a bride receives a special, rare and expensive gift in return for committing to enter an exclusive relationship has been symbolized by diamonds. This gift of commitment has now been discounted by the trade's promotion of cheap synthetic diamonds.

As synthetic prices continue to fall, they will no longer be a substitute for natural diamond engagement rings. The idea that the gift of commitment must be expensive will dominate and many traditional women who received synthetic diamonds will feel cheated. The wealthy class may turn to other natural gems now that the reputation of diamonds has been tarnished.

The value of natural diamonds is based on their reputation. Those that destroy the diamond dream do not deserve its benefits.

*Image: A synthetic-diamond factory. (Diamond Producers Association/Natural Diamond Council)*