

Podcast: Why the Chinese Market Is Slow



The graphic features a light blue background. On the left, there are two circular portraits: the top one shows a man with glasses and a headset, and the bottom one shows a man in a suit. To the right of the portraits, the text reads 'THE RAPAPORT DIAMOND PODCAST' in large, bold, black letters, with 'RAPAPORT' in red. Below this, it says 'WITH SPECIAL GUEST CHEN SHEN' in red. On the far right, there is a black silhouette of a vintage microphone.

Synthetics — and not the weak economy — are the core reason behind sluggish diamond demand in mainland China, dealer and consultant Chen Shen told the Rapaport Diamond Podcast.

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Drops in [lab-grown prices](#) have made the product more attractive to consumers in the country, explained Shanghai-based Shen in a conversation with Rapaport News Editor Joshua Freedman. A lack of design innovation has also hurt demand for natural stones, he added.

Even if the local economy recovers, “many people feel the diamond [market] will not be

the same as three years ago,” continued Shen, who has himself shifted much of his business from naturals to synthetics.

“Five years ago, I told my friends in the US [that] lab diamonds [were] too expensive,” he recalled. “There’s no value. I said when the lab diamond [price] is about 20%, 30% of natural diamonds, then there’s a market. And now we’ve reached that point.”

The president of gemstone dealership [Skywalk Global](#) reported slow trading at the important Jewellery & Gem World show in Hong Kong, which took place in September. Major Chinese retailers — a key source of sales at the fair — have stopped buying for inventory, he said.

But while the Chinese economy is weak, the overall state of luxury indicates jewelers can be successful if they have intelligent marketing and offer the right products, such as gold and pearls.

“It’s a diamond problem,” he asserted. “It’s not a jewelry problem.”

Listen to the podcast here: