



APPEAL

Dear All,

Sub: Appeal to voluntarily cease import of Natural Rough Diamonds from 15th October - 15th December, 2023

We address you today, to update you on the current supply demand dynamics within our industry. We are well aware of the challenges that are currently present in the midstream; however, we remain confident in our resolve to surmount the challenges that lie ahead of us through collective leadership.

We begin by sharing our perspective on the demand side: As you are aware, demand for loose polished diamonds and jewellery from large consuming economies such as USA and China have been materially affected over the last many quarters, on the back of all time highs of 2021 & 2022, with a visible slowdown in orders. As a result, our country's exports have declined by 25% over the period of January till August, with a similar trend for the month of September also. Due to such factors, our inventories in polished diamonds have increased over the past few months and prices are softer as an effect of this mismatch in demand vs supply.

Acknowledging some of the above factors, the GJEPC is dedicated to rejuvenating demand in significant markets with the help of all other trade bodies, Govt. of India, the Natural Diamond Council, the rough diamond mining companies and like-minded bodies in USA. For example, only in the last week, a grand gala function was organised by GJEPC in Hong Kong show to create a positive awareness around natural diamonds. Simultaneously, we are also in exploring alternative markets such as GCC, Vietnam, Cambodia, Myanmar, Thailand and others. We are also pleased to report that this year, we successfully established a dedicated diamond section within the India International Jewellery Show (IJS), resulting in a noticeable boost in demand of diamonds in Middle East and Indian subcontinent.

We have no doubt and remain confident that we will address and improve long term demand in this precious and rare natural resource, but at the same time, we must navigate the short term carefully.

From a supply perspective: We have witnessed that mining companies are regularly selling the rough diamonds that are being mined – irrespective of the state of demand in the midstream. They believe that the midstream is a mature segment of the pipeline and will only purchase rough diamonds if there is real demand. In other words, they rely on the midstream to gauge the demand for rough diamonds and are happy to respond with corresponding levels of supply. This puts the onus on the midstream to

transmit real levels of demand by translating our need for supply of Rough Diamonds to all mining companies.

Taking these dynamics into account, we have already reached out to all the major Diamond Mining companies sharing with them the current short-term challenges that are faced by the midstream and requesting them to support the industry with a prudent and responsible approach in their offerings to their respective customer base.

Today, the situation was once again reviewed by more than 100 manufacturers, traders, importers and exporters and office bearers of our trade associations of Mumbai and Surat. The group unanimously was of the opinion that in order to protect the interest of the industry, particularly the small and medium enterprises, we need to take additional measures. **It was suggested that members may be advised to halt import of rough diamonds beginning 15th October to 15th December 2023.** It was assessed that halting imports of rough diamonds will help industry better manage the balance between demand and supply, thereby protecting the value of assets and increase consumer confidence.

It was also decided to review the situation in 1st Week of December, 2023 and then decide future course of action. This appeal solely aims to voluntary halt the import of rough diamonds, while allowing diamond manufacturing factories to continue their operations without interruption. Additionally, we urge for measures to be taken to support the artisans during this period, thereby ensuring that there is no adverse impact on their livelihoods.

In view of the above, all concerned are requested by us to consider this appeal in the larger interest of the industry and voluntarily cease import rough diamonds in India for this specified period.

Having taken these steps, we have no doubt that we will come through these challenging times stronger than ever, as we all believe in the longer term consumer demand and value of this finite natural gift of love – diamonds. Let us act together in the collective interest of the Indian Diamond industry so that we can confidently walk towards a better season ahead.

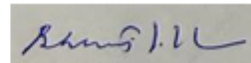
Yours Sincerely,



Vipul Shah
Chairman, GJEPC



Anoop Mehta
President,
Bharat Diamond Bourse



Bharat Shah
President, The Mumbai Diamond
Merchants Association



Vallabhbhai Patel
Chairman, Surat Diamond Bourse



Jagdish Khunt
President, Surat Diamond Association