**De Beers Warns Diamonds Aren't Forever**

Diamond miner De Beers warned on Wednesday (17/09/2014) that global production will decline from 2020, a trend that could spell pricier bling (means splashy) for consumers.  
  
A dearth of major new diamond finds means that production might not keep up with ever-increasing demand from the United States, China and India, the firm claimed.  
  
"Unless major new discoveries are made in the coming years, supply can be expected to decline gradually from 2020," De Beers said, forecasting rocky times ahead for the $85 billion a year industry.  
  
Existing mines in Botswana, South Africa and Namibia are becoming depleted and the need to dig deeper has made operations less profitable.  
  
De Beers said exploration has now turned to Angola, the Democratic Republic of Congo, Zimbabwe, Arctic Siberia and Canada.  
  
But the last major mine discovery came a decade ago in India, at Rio Tinto's yet to be completed Bunder project.  
  
Still, a shortage of supply might not necessarily be bad news for the Luxembourg-based firm, which accounts for around 33 per cent of overall rough diamond sales.  
  
Demand from the United States -- the world's largest market for diamonds -- and growing appetite for the gems from China and India's middle class, will likely create a seller's market.  
  
"Even under scenarios of volatile or weaker global economic growth, demand for diamonds is expected to show positive real growth in the next decade," De Beers said.  
  
China, India demand growing  
  
China has the fastest growing demand, jumping to a share of about 15 per cent of the world's diamond market from less than three percent in 2003.  
  
But it is not expected to overtake the US market's 40 per cent share for more than a decade, De Beers CEO Philippe Mellier said.  
  
"China and India, the engine for growth, these two big markets clearly could be as big as the US in the next maybe 15 years," said Mellier, who was in Hong Kong for the Jewellery and Gem Fair.  
  
"For China to go up to 40 per cent share of the world market, it's still some ways to go," Mellier said, adding he expects the Chinese market to grow more than 10 percent per annum for "many more years".  
  
De Beers said China's anti-corruption drive, which has hurt demand for luxury goods, would not affect the diamond industry.  
  
"I think our business is less impacted by that compared to others," Stephen Lussier, CEO of De Beers Forevermark said, with diamonds usually used at weddings and other "emotional events" in life.  
  
Global diamond jewellery sales were around $79 billion (Rs. 4.7 lakh crore) in 2013, up 3 per cent compared to 2012, according to De Beers' first Diamond Insight Report.  
  
Sales are expected to grow in the long term helped by recovery in the US economy as well as the growth of the middle class in the developing markets of China and India.  
  
The company had said earlier than it expects "good to very good" second quarter results in India, which has seen increasing demand for the gems.  
  
Founded in 1888 in South Africa, De Beers last year reported $1 billion (Rs. 6,100 crore) in operating profit -- more than double that of 2012.

**Source:** http://profit.ndtv.com/news/commodities/article-de-beers-warns-diamonds-arent-forever-667439, accessed on September 18, 2014