



**Indian Global Connect
Business Networking Meet - India-Angola
3rd December 2020**

...Collaboration Possibilities

Gem and Jewellery Export Promotion Council (GJEPC)

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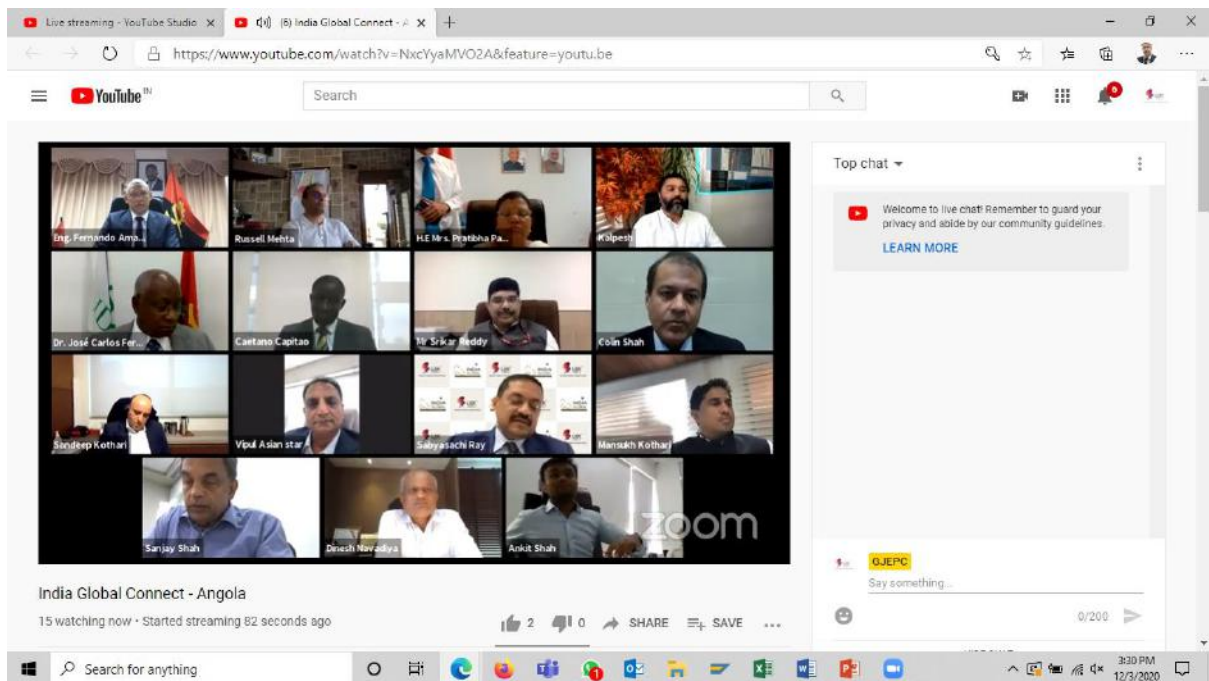
The Covid-19 pandemic has changed our lives in many ways. The way we live, work and connect with each other and the World around us all have taken new shape due to the prevailing restrictions and limitations.

Businesses across the globe, which have severely impacted because of the demand and supply shocks have also explored new ways of doing work so as to recover and sustain amid acute crisis at the global level.

Gem and Jewellery Export Promotion Council (GJEPC), a pioneer industry association has undertaken various new measures and commenced new initiatives to support the entire gem and jewellery industry in the best possible manner.

India Global Connect – Business Networking Meet is one of the GJEPC’s novel initiative whereby virtual platform to the manufacturers/retailers and wholesalers of gem and jewellery products of India and other countries is provided to connect with each other for exploring the business opportunities.

India-Angola Global Connect is the 4th Business Networking Meet that the GJEPC has organised after the successful meetings with UK, Switzerland and Colombia in last 3 months.



Key Participants

H.E. Mrs. Pratibha Parkar	Ambassador of India to Angola (India - Angola Bilateral trade)
Dr. Srikar Reddy	Joint Secretary MOCI, Government of India
Mr. Caetano Capitaio	Secretary General, India Angola Chamber of Commerce.

Panelists from Angola

Eng. Fernando Amaral	Sodiam
Dr. José Carlos Ferreira de Sousa	Endiama
Mr. Nazim Charania	Angola-India Chamber of Commerce & Industry
Mr. Sandeep Kothari	KGK
Mr. Kalpesh Vaghani	Kapu Gems

Panelists from India

Mr. Colin Shah	Chairman, GJEPC
Mr. Vipul Shah	Vice Chairman, GJEPC
Mr. Dinesh Navadiya	Tiku Gems
Mr. Sanjay Shah	KBS Diamonds
Mr. Ankit Shah	Ankit Gems
Mr. Mansukh Kothari	Vasupati Jewellers
Mr. Russell Mehta	Rosy Blue
Mr. Sabyasachi Ray	Executive Director, GJEPC (Moderator)

Mr. Sabyasachi Ray welcomed all the esteemed dignitaries and participants and briefly explained the objective of Connecting with Angola which is to explore what both the countries can offer each other for the further development of gem and jewellery sectors.

H.E. Mrs. Pratibha Parkar said, during the present times of adversity the country Angola is looking forward to diversifying its business and Indian Global Connect (IGC) provides a good opportunity to explore new trade possibilities between India and Angola in the light of the existing complementarities between the two in gem and jewellery sector. She said, Angola can establish the direct relation for supplying the rough diamonds to India and Indians can make investments in the area of polishing diamonds in Angola. She has sought relaxation in import tariffs on gem and jewellery products from Angolian Government and also extended her support to both the countries while progressing further towards the trade and investments collaborations.

Dr. Srikar Reddy said that India is the World's largest buyer of Rough Diamonds reflecting the capabilities of producing and supplying the polished diamonds across the world market. While, imports of rough diamonds from Angola are minuscule which can be increased by importing the stones directly from Angola.

Mr. Caetano Capitaó appreciated the GJEPC and Indian Embassy for undertaking this initiative and said that India's vast experience in diamond processing can be substantially relevant in terms of supporting them to improve the specific legal procedures and policy framework to attract foreign investment in the sector.

Mr. Colin Shah, Chairman presented a snapshot of Indian gem and jewellery industry especially of the diamond industry in terms of carrying skills of processing varied range of diamonds with high level of precision and also the topmost supplier of polished diamonds to the world market. He further explained that bilateral trade between India and Angola for G&J is insignificant at US\$6 million and suggested to have MoUs between the two countries as in case of Alrosa so that the GJEPC can support the miners/enterprises from Angola in doing auctions in India and in many other ways.

IGC – Interactions and Key Take Away

Mr. Sabyasachi Ray, Moderator started the rounds of discussions with panellists; outcomes of which are briefly described here below:

I. Industry Partnership Possibilities for Indians in Angola

In the light of the interactions with panellists during the show, there are so many ways by which India and Angola can have industry partnership. All the discussed ways are described here below:

A. Investment Opportunities for Indians in Angola

Dr. José Carlos Ferreira de Sousa from Endiama shared his views on the possibilities of India and Indian diamond industry with Endiama

The State of Angola has announced Diamond Mining Policy and Technical Regulations of Marketing the rough diamonds which have established the new roles for mining and marketing the rough diamonds in the country. These regulatory changes have also brought incentives for those who want to invest in Angola's diamond industry from India from mining to general retailing.

Mr. Eng Fernando Amaral from Sodiam said, the State of Angola is in process of consolidating its diamond policy for further developing its diamond industry. However, the ongoing process does not see any perspective to directly supply the rough diamonds to India. As India has huge capacity in terms of no. of units/workers, skills, technical know-how, knowledge, industry can play a key role in diamond sector in any of the spheres of their choice - be it mining, exploration, cutting and polishing of diamonds, manufacturing jewellery products, retailing etc. This will generate good businesses for both the countries in terms of production, employment, revenue etc.

Mr. Sandeep Kothari from KGK said, changes happening in Angola diamond industry are very encouraging. Under the current leadership in the country, major company, Sodiam has made investments of US\$80 million in creating the diamond hub in the northern part of country. New infrastructures including manufacturing set-ups, trading centres, auction and customs facilities etc. of world class level are developing to attract the new investors over-there.

B. Direct Sourcing of Rough Diamonds by India from Angola

As per Mr. Kothari, Conducive environment for doing mining operations to selling of diamonds is being created in Angola. While, taxation and other policies to incentivise the investors are not yet cleared. Going forward we need to see how we can devise the selling mechanism in India so that small/medium/large manufacturers from India can source diamonds directly from Angola. This is how the diamond industry through collaborations can grow further.

Industry Partnership Possibilities for India in Angola

A. Investment Opportunities for Indians in Angola:

During the event Indians are invited in Angola to invest in the following areas:

- ✓ Mining
- ✓ Processing - Cutting and Polishing of Diamonds
- ✓ Setting up manufacturing units for jewellery making there by combining complementarities
- ✓ Distribution
- ✓ Training
- ✓ Beneficiation
- ✓ Technology tie-ups

Infrastructure for making investments

Various infrastructure facilities are being created by the Government of Angola for attracting the investments

- ✓ Angolan Diamond Hub,
- ✓ Angolan Diamond Bourse,
- ✓ Manufacturing set-ups
- ✓ Trading Centres
- ✓ Auction houses
- ✓ Customs facilities

B. Direct Sourcing of Rough Diamonds by India from Angola

- ✓ Devising selling mechanism in India for sourcing diamonds directly from Angola

C. Combined efforts towards Promotion and Marketing of Diamonds

India-Angola diamond industry can come together for doing the generic promotion of diamonds and greatly influence the customers for buying it and finally achieving the desired objective of achieving more sales and revenues.

D. Participation in Shows/Events and Constant interactions and dialogue/through digitisation

- ✓ Angolans industry partners are invited to participate in International Gem & Jewellery Show scheduled from 18th – 22nd January 2021
- ✓ Virtual Buyer Sellers Meet

E. Technology tie -ups for detection of lab grown diamonds

Proposal(s) from India

- MoUs can be signed so as to support the Angola counterpart to support in selling diamonds in India as have been doing for Alrosa for the last few years.

C. Combined efforts towards Promotion and Marketing of Diamonds

Mr. Russel Mehta from Rosy Blue, India suggested for making the combined efforts towards the marketing and promotion of diamonds. India's exports have been stagnated for long and there are no incremental sales which are happening for the trade. Since, it is important for everyone to earn profits in the pipeline therefore, pushing prices and increasing consumption of diamonds through making adequate marketing and promotional efforts is pivotal which is presently not happening. It is suggested that the India-Angola diamond industry can come together for doing the generic promotion of such a precious product and greatly influence the customers for buying it and finally achieving the desired objective of achieving more sales and revenues.

D. Participation in Shows/Events and Constant interactions and dialogue/ through participation in GJEPC Virtual/Physical format shows

Mr. Mansukh Kothari from Vasupati Jewellery, India said collaborations between the two countries can also be enhanced through the constant interactions and dialogue with the Angolan partner which is possible if they join the shows organised by the GJEPC in virtual and physical format. He informed the group that India GJEPC has been organising virtual shows during this pandemic, giving India's buyers from across the world an opportunity to connect and transact business. In October, the Council has conducted its flagship show IIJS in a virtual format which received great support from International buyers too. The organisation is doing Product specific Virtual Buyers Seller Meets for International buyers and also coming up with International Gem & Jewellery Show exclusively for International buyers. This will be held from 18th to 22nd January 2021. It would be the Council's privilege to invite Angola partners at these exclusive shows. We are hopeful that within 6 months or so GJEPC would commence shows in physical format . This is believed that the trade can be further enhanced between the nations through constant interaction and dialogue.

E. Technology tie -ups for detection of lab grown diamonds

Mr. Dinesh Navadiya from Tiku Gems, India shared the possibilities of partnering with Angola for detection of LGD. He first mentioned about India's achievements towards developing of indigenous machine & technology for detection of lab-grown diamond. India in partnership with GII and IDI has set up the Diamond Detection Research Centre (DDRC) in Mumbai and Surat which has enabled to develop and promote the detection facilities for preventing the mixing of LGD with Natural Diamonds.

An exhibition was organised to display the latest detection technology and provide a platform to the Indian trade for exchanging the ideas and knowledge to progress in this area. A detection instrument - old quick check machine is also developed which takes only pure second tool skin diamond and also detect loose diamond and studded in jewellery. In this area we can partner with Angola country for technology-tie ups and organise the promotional/awareness activities

II Challenges for Indian investors in Angola

Mr. Vipul Shah, Vice Chairman, GJEPC from Indian side while discussing the investment opportunities in Angola mentioned shared few of the challenges that Indian may face in Angola and hence sought for security for the investors. He said, India's strength lies in midstream activities in global value chain of gem and jewellery sector i.e. cutting and polishing of diamonds, manufacturing of jewellery products and retailing. In order to ensure the steady supply of rough material, Indian entrepreneurs can make investments in downstream areas like mining, exploration and so on. Presently, Angola is looking for investors for its Bourses and Trading centres in which Indians may be interested, while few challenges related to taxation policy, security of the offices and people besides the language barrier may refrain them to access the State. Therefore, if the Government of Angola provides the adequate infrastructure and security support, Indian entrepreneurs would look forward to making investments in the country.

Key Points :

- ✓ In order to ensure the steady supply of rough material, Indian entrepreneurs can make investments in downstream areas like mining, exploration and so on.
- ✓ Presently, Angola is looking for investors for its Bourses and Trading centres in which Indians may be interested, while few challenges related to taxation policy, security of the offices and people besides the language barrier may refrain them to access the State.
- ✓ if the Government of Angola provides the adequate infrastructure and security support, Indian entrepreneurs would look forward to making investments in the country.

III. Distribution Modalities in Angola

Mr. Eng Fernando Amaral from Sodiam shared the modalities of supplying the rough diamonds. He said. Angola Diamond industry is an important source of revenue for Angola State and its people. The government is constantly seeking improving the legal framework of the diamond industry so that the country can be attractive for the outside investors. According to the new diamond policy there are 3 modalities through which distribution/ takes place a) Sight b) Contract and c) Sale/Exports.

Key Points :

- ✓ Government is constantly seeking improving the legal framework of the diamond industry
- ✓ According to the new diamond policy there are 3 modalities through which distribution/ takes place a) Sight b) Contract and c) Sale/Exports.

IV. Impact of not buying rough diamonds during lockdown

Mr. Sanjay Shah , KBS Diamonds from India shared with the group that , India has taken big decision of not buying rough diamonds for the world market. It was considered as one of the best decisions of keeping the balance. Impact of the decision.

End of the March has witnessed an unexpected event at the world level including lockdown, cancellation of orders, closing of manufacturing factories and retail store at the national and international level. Thus, the entire gem and jewellery sector came to a grinding halt. Amid such situations, prominent leaders and trade bodies came together to assess the impact of this pandemic at the world level so as to safeguard the value of the diamond inventory which could be declined sharply due to the demand supply imbalances in the world market. It was also very important to convey the small and middle size manufacturers and enterprises because they were not aware about the global

developments. This was a starting point of initiating the dialogue with cross section manufacturers and after several rounds of discussions, general consensus was made to withhold the purchase of diamonds immediately and move the existing inventory of rough and polished down the pipeline. Finally, it was decided along with other prominent trade bodies to appeal to the trade and to send an advisory to curtail the demand of the diamonds for a month and then review for next month so it turned out to be a 3 month moratorium situation.

It proved a good decision for the entire diamond and jewellery industry from mining countries to the end consumer. We gained the several benefits a) Mind Space; Solidarity and Courage b) Preservation of short and long term value of our assets c) enterprises were able to focus on the business of selling Jewellery knowing that they do not have to worry about the freefall in the diamond prices d) the bankers in India were very happy as sales took place e) negative press remained at Bay. Overall, the decision remained positive for the entire Indian as well as global diamond industry.

Key Points :

- ✓ Prominent leaders and trade bodies came together to assess the impact of this pandemic at the world level so as to safeguard the value of the diamond inventory which could be declined sharply due to the demand supply imbalances in the world market.
- ✓ Not buying the rough diamonds proved a good decision for the entire diamond and jewellery industry from mining countries to the end consumer. We gained the several benefits a) Mind Space; Solidarity and Courage b) Preservation of short and long term value of our assets c) enterprises were able to focus on the business of selling Jewellery knowing that they do not have to worry about the freefall in the diamond prices d) the bankers in India were very happy as sales took place e) negative press remained at Bay.

V. Angola Diamond Industry: Vision and Future Plans

a. Natural Diamonds

Mr. Eng Fernando Amaral from Sodiam shared the vision of the Government of Angola for its diamond industry as a whole. He shared that Angola produces 9 million carats of rough diamonds and it is expected to reach to 15 million carats by 2020. In order to explore the true diamond mining potential of Angola, investments are really desired, therefore Indian entrepreneurs are invited to invest in mining which would provide deeper connections with the State of Angola. Furthermore, the country does not want to remain only the suppliers of rough diamond to the world market while aspiring to enter in the processing and polishing of diamonds so as to generate jobs within the economy. In the next 5-10 years, it is envisaged that Angola would be the number 1 or number 2 suppliers of rough diamonds to the global market.

Key Points :

- ✓ Angola produces 9 million carats of rough diamonds and it is expected to reach to 15 million carats by 2020
- ✓ In order to explore the true diamond mining potential of Angola, investments are really desired, therefore Indian entrepreneurs are invited to invest in mining which would provide deeper connections with the State of Angola.
- ✓ In the next 5-10 years, it is envisaged that Angola would be the number 1 or number 2 suppliers of rough diamonds to the global market.

b. Lab Grown Diamonds

Mr. Kalpesh Vaghani from Kapu Gems, Angola discussed the future of lab grown diamonds and said that there is a high possibility of the co-existence of Lab grown diamonds with natural diamonds in future. It is because profitability margins for natural diamond manufacturers' are relatively less as compared to the miners. This is pushing them to change their direction towards dealing in lab grown diamonds which can accrue them the larger profits. Furthermore, the largest mine Argyle is closing down that may result in supply deficit of rough diamonds that could be replaced with the lab grown diamonds. So, future in both natural as well as lab grown diamond is great and both are expected to flourish in co-existence.

Key Points :

- ✓ There is a high possibility of the co-existence of Lab grown diamonds with natural diamonds in future.
- ✓ It is because profitability margins for natural diamond manufacturers' are relatively less as compared to the miners. This is pushing them to change their direction towards dealing in lab grown diamonds which can accrue them the larger profits.
- ✓ The largest mine Argyle is closing down that may result in supply deficit of rough diamonds that could be replaced with the lab grown diamonds.
- ✓ Angola does not have any separate HS-Codes for LGD and Natural diamonds as in case of India.

VI. Principles for Responsible Diamond Sourcing

Dr. José Carlos Ferreira de Sousa from Endiama shared his viewpoint on following Principles for Responsible Diamond Sourcing in Angola. He said, Angola is cautious of following the principles for responsible Diamond Sourcing. The country is a member of KP and African diamond producers and follow the KYC norms and also comply with the Labour and Word Trade rules and requirements.

Key Points :

- ✓ Angola is cautious of following the principles for responsible Diamond Sourcing.
- ✓ The country is a member of KP and African diamond producers and follow the KYC norms and also comply with the Labour and Word Trade rules and requirements.

Mr. Kalpesh Vaghani from Kapu Gems said Indian despite not understanding the language do not face much of communication problem because translators are there to facilitate, People in Angola are cooperative and eventually Indian tend to learn the Portuguese swiftly

Conclusion by Mr. Sabyasachi Ray -

Mr. Ray concluded the meet by highlighting key insights gained from the interactions. He narrated that there is a great scope of enhancing bilateral trade relations between the two countries. 1) The Government of Angola is making lot of investments towards creating diamond hub, diamond bourses, trading centres, manufacturing set-up etc. so, Indian enterprises have numerous opportunities of making investments in gem and jewellery sector of Angola from mining, processing, trading, distribution etc. 2) On the other side, Angola can devise a selling mechanism of supplying rough diamonds directly to India. For this an MoU can be signed between the State of Angola and GJEPC, India which would support Angolan miners/suppliers in accessing and selling rough diamonds in India. 3) Lab grown diamond would co-exist with natural diamonds in future majorly attributed to its availability, margins and relatively reasonable for the consumers 4) There is a high requirement of making combined efforts towards marketing and promoting the diamond industry. For this Angola and India can take some joint initiatives. 5) Angola is well following all the principles of responsible sourcing of diamonds.

Report is reviewed by :

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15th December 2020