

SPECIAL

2002 DIAMOND PIPELINE

(IN US\$ BILLION)

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ROUGH PRODUCTION

1.46

DIRECT MINING COST OF PRODUCTION

ROUGH PRODUCTION VALUE

7.83

AUSTRALIA	ANGOLA	CONGO	NAMIBIA	BOTSWANA	S. AFRICA	OTHERS	CANADA	RUSSIA
0.46	0.76	0.5	0.42	2.48	0.9	0.41	0.43	1.47

MINE SALES

7.91

INDEPENDENT PRODUCERS	CONTRACTED PRODUCERS
3.4	4.51

CONTRACTED PRODUCERS CONSISTS OF 3,566 DE BEERS OUTPUT, 0.8 FROM ALROSA AND 0.144 FROM EKATI

DE BEERS SAYS "IT REDUCED DIAMOND STOCK BY NEARLY US\$1 BILLION." IF ITS OWN MINING OUTPUT WAS SOLD AT FULL MARKET VALUE, A STOCK WITHDRAWAL OF \$650 MILLION SHOULD HAVE BEEN SUFFICIENT. ALROSA ALSO SOLD FROM INVENTORY.

ROUGH SALES TO CUTTING CENTERS

8.45

OTHER ROUGH DEALERS	MANUFACTURING SIGHTHOLDERS	DEALERS SIGHTHOLDERS	DIAMDEL AND OTHERS
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NET ROUGH USED/AVAILABLE FOR LOCAL PRODUCTION

9.76

BELGIUM	ISRAEL	INDIA	USA	S. AFRICA	THAILAND, CHINA & OTHERS	RUSSIA
0.3	2.5	4.36	0.3	0.4	1.4	0.5

VALUE OF POLISHED FROM LOCAL PRODUCTION

13.7

INVENTORY OVERHANG ON CUTTING CENTER AND WHOLESALE LEVELS > \$1 BILLION EXCESS

BELGIUM	ISRAEL	INDIA	USA	S. AFRICA	THAILAND+ OTHERS	RUSSIA	CHINA
0.4	2.8	7.1	0.4	0.5	1.1	0.6	0.8

VALUE OF DIAMOND CONTENT IN RETAIL SALES

14.46

AMERICAS	EUROPE+S. AFRICA	JAPAN	ASIA PACIFIC	ASIA-ARABIA	OTHERS
6.88	1.71	1.23	1.7	1.73	1.2

RETAIL SALES OF DIAMOND JEWELRY

28.4

COST OF JEWELRY PRODUCTION

AMERICAS	EUROPE+S. AFRICA	JAPAN	ASIA PACIFIC	ASIA-ARABIA	OTHERS
28.7	7.9	8.5	3.6	3.4	4.8

■ The value of the Ekati production varied because of different resources mined. The DTC purchased 35% of its output at a discount of 13% to market value. ■ Rough imports into the three major cutting centers totaled \$17 billion, underscoring the double accounting caused by trade among centers. In the Pipeline only rough actually processed in the relevant center is counted - and only once. ■ Three major cutting centers alone exported some \$18 billion worth of polished which exceeded worldwide polished consumption by far. The Pipeline records polished produced in the relevant center to avoid double accounting. Polished from Thailand, China, Sri Lanka, Russia etc. is marketed mostly through Belgium, Israel and other trading centers. ■ The "value added" in India has risen. This is a function of both greatly expanded manufacturing and increased margins. ■ All figures are based on data available in early April 2003. Some figures may be fine-tuned later in the year.