

Attn: Ian Hadassin
Chief Executive Officer
Jewellers Association of Australia
Suite 33, Level 8
99 York Street
SYDNEY NSW 2000

Tuesday 15 May 2012

Dear Mr. Hadassin,

Your recent letter encouraging retailers to search Rapnet listings in order to gain a competitive edge was misinformed and misleading. Your assumption that some retailers are not sourcing competitive priced product by dealing locally is simplistic and incorrect. Whilst we agree with your statement that the diamond market has never been more competitive your letter contains a multitude of inaccuracies and a variety of misinterpretations fuelled by a lack of understanding and awareness of the wholesale / import and supply function within our industry.

There are many more reasons than price that form a sale or the reasons for missing a sale. Giving more access to information without the knowledge to understand it only complicates the sale process for all.

Unfortunately your views reflect a lack of understanding by the industry and retailers at large on the role of gem merchants within the industry, and the costs associated with performing this role. Since the business model of most suppliers is based on quantity and lower margins any product sourced directly puts more pressure on merchants' ability to service the needs of the market. Merchants use a variety of skills and untold resources that would otherwise be needed by each individual business to deliver their product which would not be possible for many and in particular the smaller operations. These functions include but are not limited to:

- Maintain relationships and liaise with product suppliers and sourcing suppliers of different products
- Organize and supervise import process including customs and GST payment and insurance; as well as export of unsuitable goods
- Keep abreast of market changes and fluctuations, providing up to date product and world market information
- Finance the cost of purchase and giving credit
- Holding and financing stock inventories
- Providing goods on approval and consignment.
- Combine many people's purchasing to spread purchasing costs and allowing a greater width of purchasing
- Provide unprofitable lines of goods; and unprofitable quantities of goods to service customer needs

- Source special requests
- Education of retail staff

Many international suppliers do not actually list on Rapnet. They do their own advertising and market to their established clients such as local wholesalers. Their stock is entirely different.

You say that it is not your intention to drive people away from local suppliers but how else can these actions be viewed? Manufacturers and suppliers gain little from the JAA but perhaps the JAA could look at promoting the benefits of dealing locally and strengthening the local industry?

A challenge for you is to open any trade magazine and look beyond the articles to see which part of the Jewellery industry is actually supporting it through their advertising, and sponsorship of various trade bodies.

We think it important that we respond to your actions and for you to rethink your position before more damage is done to our industry in Australia by the very body that should be promoting it.

Following your recent attack on the wholesale diamond market in Australia (many of whom are members and are generally supportive of the industry), we think it is important that you fully explain your motivation and actions. Further, why was the wholesale section of JAA members not emailed the same letter as well? Or are there now clearly designated divisions of membership which excludes some from receipt of information?

We ask for total transparency as to what you and the JAA are receiving in return from this promotion.

Forum of Diamond Wholesalers

Daniel Storch	Storch & Co.
Lonn Miller	Miller Diamonds
Shimi Sarusi	Select Diamonds
Ros Jarrett	Elion & Co
Paul Ivany	ADTC
Brett Bolton	Bolton Gems
Danny Toren	Diamond Centre
Dor Michaeli	Mia Mor
Robin Sobel	Protea Diamonds
Raj Barmecha	Sparkle Impex
Rami Baron	DDCA