



AWDC ANNUAL REPORT 2016

Photo: The 1,109-carat **Lesedi La Rona** diamond visited Antwerp on its world tour in May, 2016.

PREFACE

To the Antwerp Diamond Industry

As volatility heightened on global markets in general and particularly ravaged the diamond industry in 2015, the Antwerp diamond trade shifted toward stability in 2016. The overall trade figures - \$48 billion worth of diamond imports and exports - might be identical to the turbulent year before, but the current health and future outlook of the Antwerp diamond industry are very different than a year ago. This is attributable to Antwerp's strong fundamentals and determination to meet head on the many challenges still facing the diamond industry.

Given the 'doom-and-gloom' mentality permeating the diamond industry in early 2016, it seemed incongruous for AWDC to launch a campaign underlining the pride we take in our trade - but that is precisely what we did. "[Diamonds & Antwerp, it's in our DnA](#)" perfectly describes the inherent, emotional connection between diamonds and Antwerp. 16 'ambassadors' from our diamond industry confirmed their pride in knowing they belong to the best diamond trade center in the world: where sustainability, transparency, integrity and quality are part of our heritage; where craftsmanship is a passion; where tradition meets innovation; home to the most diverse diamond community in the world. AWDC invited the community to join the campaign, and they responded.

A significant milestone was achieved with the passing into law of the [Diamond Regime](#) - or 'Carat Tax' - for which AWDC had been lobbying for several years. In this new fiscal system, diamond traders are taxed on the basis of a fixed

percentage of their turnover, bringing the annually recurring discussions about controls and stock valuation to an end. Not only will it increase the simplicity and predictability of doing business, but it will have a positive effect on the overall appeal of the diamond trade to financial institutions.

Another priority identified was to bring diamond companies from existing and emerging markets to Antwerp, providing direct access to Antwerp's polished diamond traders. AWDC launched the "[Antwerp Diamond Experience](#)" to achieve this end, and in the first year alone welcomed delegations from six countries, with more in the pipeline. Initiatives such as this are part of our unwavering commitment to promote the entire Antwerp diamond industry. As this report will show, Antwerp's rough trade performed very well - welcoming new production from three new mines - while its polished trade followed the downward market trend and is in need of our continuing efforts.

"One should not underestimate the strong foundations of the Antwerp diamond industry," says AWDC CEO Ari Epstein, "which enable it to weather the most turbulent times and emerge, perhaps not unscathed, but more steadfast, confident and wiser than before. In 2016, Antwerp reinforced its position as the global leader in the rough diamond trade and the model of fiscal transparency and innovation. There is always more work to be done, but the pessimism with which some began the year has yielded to determination and guarded optimism. Following a forgettable year in 2015, the Antwerp diamond trade can now breathe a little easier as a result of stabilizing in 2016."



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AWDC Mission Statement

Antwerp and diamonds are inseparable. Antwerp is the capital of the world diamond trade for more than five centuries and is widely recognized as the leader in the industry today. Our mission is to ensure Antwerp remains at the forefront of the global diamond industry, to foster awareness of Antwerp's unparalleled contributions to local and international trade and to inspire current and future generations to embrace the beauty and value of our product.

AWDC promotes and defends the interests of more than 1,700 individual companies representing 6,600 direct jobs and 26,000 indirect jobs.

More than 70 nationalities work together every day. We are committed to facilitating a favorable business environment while ensuring strict implementation of best practices and transparency.

Central to these efforts is the Diamond Office, where we monitor and streamline the vast amount of imports and exports that pass through Antwerp on a daily basis. It is the cornerstone of the Antwerp diamond industry that represents 5 percent of all Belgian exports and 15 percent of all exports outside the EU.

ANTWERP DIAMOND DATA 2016

Diamond Office

The [Diamond Office](#) is where we streamline the vast amount of diamond imports to and exports from Antwerp. On an annual basis, 84% of all rough diamonds and 50% of all polished diamonds traded globally pass through Antwerp and the Diamond Office. Every day, approximately 220 million US dollars in diamonds pass through Antwerp.

The Diamond Office (D.O.) acts as the supervising body for the Belgian government, controlling all imports and exports of all types of loose diamonds: polished and rough, industrial diamonds, diamond powder, natural as well as synthetic. The control system inside the D.O. is a collaborative effort between AWDC, the FPS Economy (Licensing) and the FPS Finance (Customs). It is the only customs office in Belgium where diamonds can and must be declared for import and export outside the EU. Every rough diamond that passes through D.O. with its KP certificate, and is thus traded in Antwerp, is conflict free. When it leaves Antwerp, it receives a new certificate. This process is repeated when the stones enter a new market.

Three FPS Economy and two FPS Finance staff members are present in the D.O. at all times. The FPS Economy Licensing Department is responsible for the physical checks of all imports and exports of diamonds. Sworn experts working under the supervision of the FPS Economy conduct these checks.

The 17 sworn experts open all shipments and conduct an examination according to a number of parameters. The documented origin, weight, value and classification of diamonds are compared with the information on their trade documents. This form of 100% physical controls does not exist anywhere else in the world. Most other countries work with targeted checks on the basis of a risk analysis.

Customs conducts a control of all import- and export declarations prepared by AWDC personnel within D.O. Since 2011, AWDC has the status of a fully Authorized Economic Operator (AEO). This confirms that the FPS Finance (Customs) recognizes AWDC as a reliable partner in the field of customs procedures as well as security. Within D.O., AWDC is not only a declarant of all imports and exports from the Belgian diamond industry; the organization also offers assistance in all import and export formalities.

This triple control (AWDC, FPS Economy and FPS Finance) ensures that the Belgian diamond industry is not only the most controlled industry in Belgium, but is also the most transparent from a global perspective.

Diamond Data

The figures in the tables and graphs reflect the export and import figures of rough and polished diamonds, as issued by the Antwerp Diamond Office on a monthly basis, providing an insight into the trends of the Antwerp diamond trade throughout the entire year. At the end of the year, the Antwerp Diamond Office calculates and issues the total yearly figures, based on updated monthly figures, which explains potential discrepancies in the sums of the tables for the entire year.

POLISHED DIAMOND IMPORTS BY COUNTRY

	2016		Difference 2015	
	Carat	USD	Carat	USD
USA	501,606.09	2,736,177,022	-2.79%	-6.88%
Hong Kong	1,110,602.98	2,458,808,966	-20.45%	-17.22%
India	1,849,359.00	1,684,724,073	-5.00%	-1.25%
UAE	955,255.22	1,230,045,356	21.70%	0.38%
Israel	351,678.42	1,049,717,456	-15.70%	-13.50%
Switzerland	228,952.09	627,396,665	-11.09%	-22.82%
China	466,088.68	392,785,810	-1.88%	-7.76%
Russia	120,107.19	278,064,333	0.89%	10.59%
Thailand	161,467.14	275,265,930	-12.30%	-8.75%
South-Africa	30,987.96	153,084,770	-19.22%	-28.43%
Others	271,499.06	505,642,911		
TOTAL GROSS	6,047,603.83	11,391,713,292		

POLISHED DIAMOND EXPORTS BY COUNTRY

	2016		Difference 2015	
	Carat	USD	Carat	USD
USA	612,471.79	3,196,546,252	-19.21%	-11.01%
Hong Kong	1,357,489.91	3,062,378,844	-12.30%	-11.50%
Israel	373,611.78	1,216,751,017	-14.94%	-2.56%
UAE	859,251.71	1,133,975,874	18.05%	-8.18%
Switzerland	396,787.03	907,681,708	-20.10%	-15.68%
India	458,282.82	432,070,146	-13.77%	-9.37%
China	306,221.80	369,672,258	8.95%	7.87%
France	130,568.00	288,733,600	2.42%	17.36%
Italy	314,955.44	252,671,501	-5.63%	-10.29%
UK	35,230.55	154,040,707	-6.75%	-20.38%
Others	580,725.05	787,969,764		
Total Gross	5,425,595.88	11,802,491,671		

ROUGH DIAMOND IMPORTS

	2016		2015		Difference	
	Carats	USD	Carats	USD	Carats	USD
January	5,694,442.95	730,430,332	6,776,459.76	839,233,284	-15.97%	-12.96%
February	11,716,100.00	1,328,967,179	7,423,242.85	1,039,967,001	57.83%	27.79%
March	8,006,216.34	979,450,682	10,373,596.71	1,401,061,088	-22.82%	-30.09%
April	9,229,051.16	1,216,159,770	6,156,365.30	907,280,099	49.91%	34.04%
May	7,732,689.33	1,296,203,352	7,637,442.95	1,100,117,914	1.25%	17.82%
June	6,018,991.09	945,292,988	7,571,685.26	1,065,857,962	-20.51%	-11.31%
July	6,351,456.32	907,726,183	5,195,140.22	779,138,039	22.26%	16.50%
August	4,830,651.87	659,162,779	4,449,958.80	605,901,711	8.55%	8.79%
September	10,162,451.76	1,210,514,760	6,979,432.87	870,405,616	45.61%	39.07%
October	8,373,491.78	897,438,717	7,558,271.78	963,293,984	10.79%	-6.84%
November	6,375,674.58	1,136,700,332	6,548,486.87	709,266,838	-2.64%	60.26%
December	5,307,724.32	767,076,320	7,330,279.80	844,719,078	-27.59%	-9.19%
TOTAL	89,952,847.29	12,087,342,845	84,000,373.17	11,126,242,614	7.09%	8.64%

ROUGH DIAMOND IMPORTS (Carats)

2015 | 2016



ROUGH DIAMOND IMPORTS (USD)

2015 | 2016

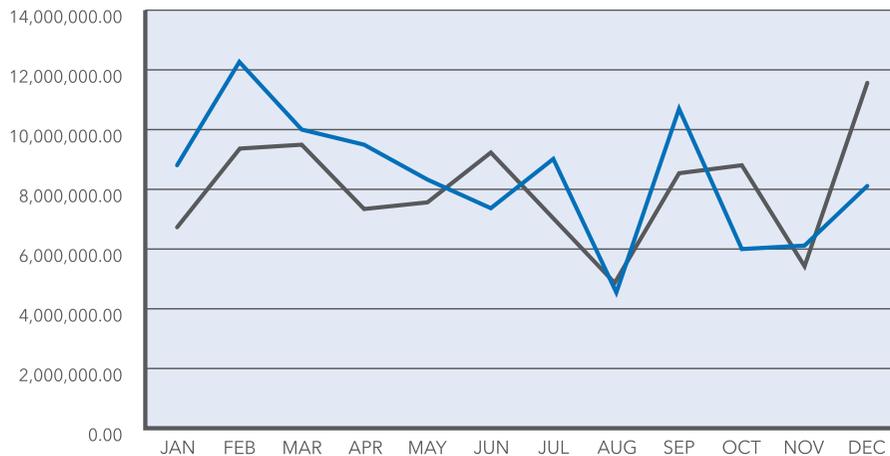


ROUGH DIAMOND EXPORTS

	2016		2015		Difference	
	Carats	USD	Carats	USD	Carats	USD
January	8,758,515.65	791,909,421	6,723,333.25	848,980,248	30.27%	-6.72%
February	12,318,789.50	1,276,884,398	9,456,952.14	1,057,019,634	30.26%	20.80%
March	10,042,704.82	1,119,634,083	9,525,523.73	1,303,425,463	5.43%	-14.10%
April	9,525,884.27	1,273,522,511	7,347,025.32	983,277,524	29.66%	29.52%
May	8,355,514.20	1,281,421,048	7,603,544.66	1,061,034,083	9.89%	20.77%
June	7,395,213.76	959,848,512	9,288,720.54	1,141,505,184	-20.39%	-15.91%
July	9,089,732.10	1,168,123,486	7,054,661.18	1,025,218,373	28.85%	13.94%
August	4,498,180.22	530,576,632	4,828,389.09	432,498,759	-6.84%	22.68%
September	10,776,104.65	1,423,243,532	8,549,814.90	884,438,743	26.04%	60.92%
October	5,940,457.65	721,106,084	8,794,854.66	1,017,516,395	-32.46%	-29.13%
November	6,049,781.69	1,049,664,211	5,380,699.85	643,408,618	12.43%	63.14%
December	8,073,335.39	1,131,770,044	11,547,873.51	1,099,823,227	-30.09%	2.90%
TOTAL	100,807,032.91	12,726,075,671	96,101,392.83	11,498,146,251	4.90%	10.68%

ROUGH DIAMOND EXPORTS (Carats)

2015 | 2016



ROUGH DIAMOND EXPORTS (USD)

2015 | 2016



POLISHED DIAMOND IMPORTS

	2016		2015		Difference	
	Carats	USD	Carats	USD	Carats	USD
January	542,159.34	984,999,665	621,709.82	1,112,894,561	-12.80%	-11.49%
February	520,350.21	881,205,723	624,217.39	1,000,691,817	-16.64%	-11.94%
March	614,925.56	1,570,142,894	776,860.73	1,813,747,320	-20.84%	-13.43%
April	529,025.08	873,686,729	520,939.25	944,344,193	1.55%	-7.48%
May	500,108.78	922,469,563	511,075.13	863,500,810	-2.15%	6.83%
June	547,393.55	1,224,314,271	594,518.78	1,399,009,013	-7.93%	-12.49%
July	454,347.11	840,419,189	521,130.04	1,013,680,943	-12.82%	-17.09%
August	404,640.80	648,165,534	419,900.07	694,546,792	-3.63%	-6.68%
September	612,291.16	1,275,678,318	610,853.15	1,339,819,117	0.24%	-4.79%
October	596,676.18	795,953,347	510,526.35	879,966,953	16.87%	-9.55%
November	365,291.32	695,032,418	443,625.68	770,263,575	-17.66%	-9.77%
December	360,667.24	679,751,936	350,682.61	819,646,024	2.85%	-17.07%
TOTAL	6,047,603.83	11,391,713,292	6,506,039.10	12,652,111,173	-7.05%	-9.96%

POLISHED DIAMOND IMPORTS (Carats)

2015 | 2016



POLISHED DIAMOND IMPORTS (USD)

2015 | 2016



POLISHED DIAMOND EXPORTS

	2016		2015		Difference	
	Carats	USD	Carats	USD	Carats	USD
January	397,944.89	772,007,049	432,407.85	808,300,518	-7.97%	-4.49%
February	615,836.74	1,596,118,512	731,125.53	1,766,477,493	-15.77%	-9.64%
March	489,610.73	1,161,148,203	532,645.98	1,233,550,478	-8.08%	-5.87%
April	452,989.12	899,079,993	481,670.76	1,040,593,528	-5.95%	-13.60%
May	480,350.51	1,108,606,300	486,526.99	1,060,613,988	-1.27%	4.52%
June	502,314.07	1,145,367,254	557,664.75	1,386,049,445	-9.93%	-17.36%
July	527,825.72	1,024,389,258	625,082.81	1,197,320,952	-15.56%	-14.44%
August	173,008.94	398,560,776	185,863.43	341,207,917	-6.92%	16.81%
September	525,870.51	1,235,992,804	578,558.44	1,387,479,388	-9.11%	-10.92%
October	424,581.70	775,161,618	485,671.71	930,785,256	-12.58%	-16.72%
November	451,286.51	878,414,234	382,074.43	931,527,008	18.11%	-5.70%
December	382,676.59	814,609,626	472,354.96	990,495,879	-18.99%	-17.76%
TOTAL	5,425,595.88	11,802,491,671	5,951,647.64	13,074,401,851	-8.84%	-9.73%

POLISHED DIAMOND EXPORTS (Carats)

2015 | 2016



POLISHED DIAMOND EXPORTS (USD)

2015 | 2016





Antwerp diamond trade grows 5% in 2016 after difficult 2015

The Antwerp diamond industry recorded a 5% increase in trade in 2016. A total of 48 billion USD worth of diamonds were imported to and exported from Antwerp. The rough diamond market in particular is clearly making a strong recovery. This is positive sign, given that the rough diamond trade is the foundation and lifeblood of the diamond trade. The proactive efforts of the AWDC to bring more rough diamonds onto the Antwerp market are clearly bearing fruit.

OVERALL DECLINING TREND IN POLISHED DIAMOND TRADE CONFIRMED

Imports as well as exports of polished diamonds in 2016 declined with respect to 2015. A total of 11.4 million carats of polished diamonds

A total of 202 million carats of rough and polished diamonds, with an overall value of 48 billion USD, were traded in Antwerp in 2016. While the value of diamonds traded in Antwerp in 2016 remained stable with regard to 2015, trade volumes increased 5% and the mood on the market is much more positive than the year prior. For while the overall declining trend on the polished diamond market was confirmed, the Antwerp diamond trade reinforced its position on the rough diamond market.

valued at 23.2 billion USD were imported to and exported from the Antwerp diamond market. Six million carats of polished diamonds with

a value of 11.4 billion USD were imported to Antwerp. This represents a decline of 7% in volume and 10% in value. On the export side, we see declines of 9% in volume and 10% in value as compared to 2015. Overall,

ROUGH DIAMOND MARKET RECOVERS

The rough diamond trade is performing very well. While Antwerp's polished trade followed the downward market trend as compared to the year before, the rough trade corrected this modest slide by gaining an equivalent amount of ground. A total of 190.8 million carats of rough diamonds with a value of 24.8 billion USD were imported to and exported from the Antwerp diamond market.

Imports as well as exports of rough diamond increased in comparison to 2015. Rough diamond imports to Antwerp totaled 90 million carats valued at 12.1 billion USD, while rough diamond exports totaled 100.8 million carats valued at 12.7 billion USD. This represents a 7% increase in volume and a 9% increase in the value of rough imports. Exports of rough diamonds increased 5% in volume and 11% in value.

Antwerp's diamond trade has therefore strengthened its position on the rough diamond market. AWDC's proactive approach in this context should not be underestimated. AWDC rigorously sought out new and promising markets and organized several missions to diamond-producing countries. We focused our efforts on reinforcing our leading position as rough trading hub by facilitating the presence of tender houses and influx of rough diamonds from smaller producers and junior miners. AWDC also maintains its existing relationships with leading producers such as Russia's ALROSA. The increasing number of rough diamond tenders in Antwerp is a clear result of these efforts, which provide an additional impetus to Antwerp's rough diamond trade.

Commercial production started recently at the Renard Mine and Gahcho Kué Mine in Canada, as well as the Liqhobong Mine in Lesotho, and 100%

5.4 million carats of polished diamonds with a value of 11.8 billion USD were exported from Antwerp.

of the sales of these goods will take place in Antwerp. We expect these productions to deliver an additional 7 million carats onto the market in 2017. 2016 was a good year, and the future is looking promising.

1. AWDC AT YOUR SERVICE

1.1 Diamond Regime

The Belgian Federal Parliament formally approved the [Diamond Regime](#) in December 2016. According to the Diamond Regime, corporate taxes due by diamond-trading companies will no longer be based on profit, but on a lump sum amount defined as a percentage of their turnover. The Diamond Regime is applicable to all Belgian diamond-trading companies as from income year 2016 (tax year 2017).

The Diamond Regime increases predictability and stability, as diamond-trading companies will be able to forecast their total corporate tax due based on their diamond sales. As a secondary effect, the Diamond Regime will strengthen the capital base of diamond trading companies, improving their bankability.

In order to strike a balance between the interests of the diamond industry, the Belgian Government and the European Commission, the AWDC regularly informed its Board of Directors of the latest texts, figures and mechanisms drafted by the government negotiators, and sought the full approval of the board to ensure the endorsement of the diamond-trading companies. The AWDC also organized briefing sessions for the diamond community - and separate briefing sessions for the accounting firms - on 5 August, 2 September and 9 September. AWDC continues to inform its stakeholders on the Carat Tax through its website, which includes an [extensive Q&A and relevant documents](#).

1.2 AML & Compliance Helpdesk

The AWDC [AML & Compliance Helpdesk](#) has been very active in supporting diamond traders with various questions. In 2016, AWDC received 631 questions with regard to doing business in Antwerp, how to identify clients, use of cash, access to bank accounts and others, and this via e-mail, telephone and consultation.

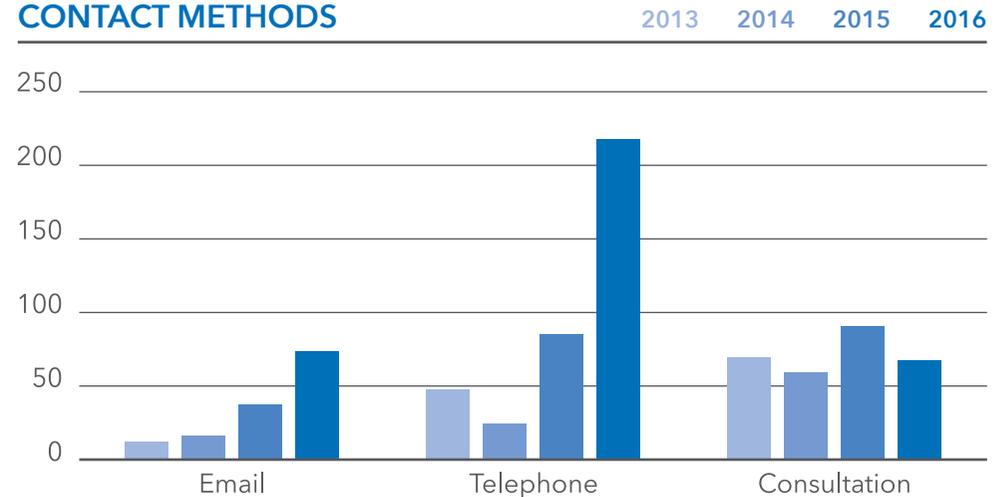
The AML & Compliance Helpdesk regularly sends out newsletters containing information about the Bureau Van Dijk-database, FATF, seminars, and general compliance issues. In 2016, the AWDC AML & Compliance Helpdesk sent out 11 newsletters concerning the topics of the AML-activity report, organization of AML-seminars, the Bureau Van Dijk-database and information about the elections of the AWDC Board of Directors.

The AML & Compliance Helpdesk developed an IT system to submit the AML activity report online via the website www.registereddiamondcompanies.be. After receiving a login code and password from the FPS Economy or AWDC, diamond traders may log in and submit their AML activity reports. After having completed the report, it is automatically sent to the FPS Economy and can be viewed or printed at all times by the diamond trader by logging in to his account. Since the beginning of 2016, 252 companies have submitted their report online via www.registereddiamondcompanies.be.

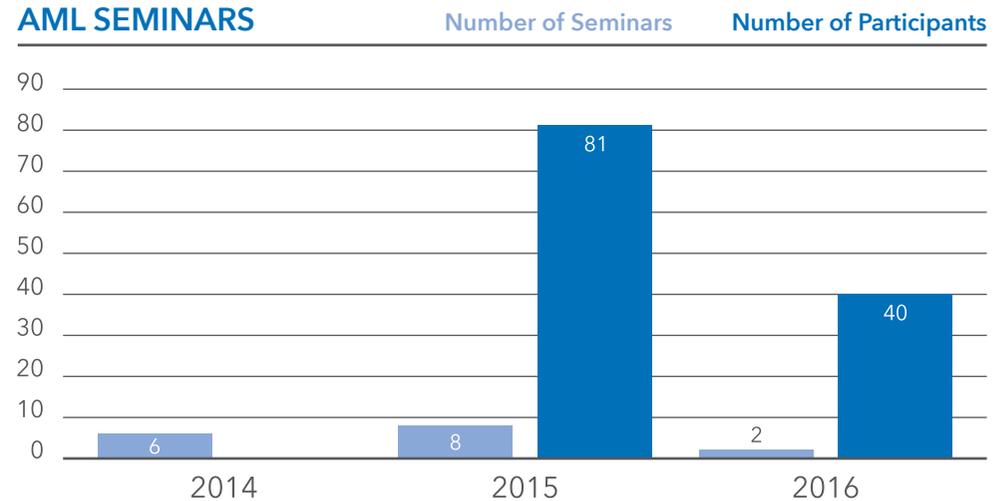
The AML & Compliance Helpdesk installed a Special Point of Contact in the diamond industry to act as an intermediary between diamond traders and the "Belgian Financial Intelligence Processing Unit" (CFI). The aim is to increase the number of notifications regarding suspicious diamond transactions. In 2016, AWDC received 32 notifications directly, which it then reported to the CFI.

The AML & Compliance Helpdesk has organized 28 AML seminars in

CONTACT METHODS



AML SEMINARS



cooperation with the FPS Economy since the end of 2013 to inform the diamond industry about the anti-money laundering issue. A total of 411 firms participated to this point. We view it as positive that many companies participated multiple times. It is recommended that diamond traders follow an AML-seminar at AWDC every two years to stay up-to-date. It addresses topics such as the fourth AML directive, identification of clients, the Client Acceptance Policy, protection of the identity of clients and all kinds of questions diamond traders may have. The seminars are free of charge and the diamond traders obtain an attendance certificate they can present to their banks and to the FPS Economy in case of administrative controls. Through this certificate, traders can demonstrate they comply with the obligation to educate and inform their staff on legal requirements in this context.

In February 2016, the AML & Compliance Helpdesk launched the [Bureau Van Dijk database](#), a database that consists of data from 250 million companies

1.3 AWDC Cafés

Throughout the year, we organized several [AWDC Cafés](#), a series of pragmatic, to-the-point workshops about practical topics to increase the efficiency of your business. These seminars are tailor made for the Antwerp diamond industry. They are limited to a certain number of people and a walking lunch is included. Seminars take about an hour and afterwards, the attendees have the opportunity to ask questions and network.

In 2016, the different AWDC Café topics were:

- Automatic exchange of financial information, by Panis
- How to turn your website into a profitable asset, by Flux

situated in the most important diamond trade centers and diamond producing countries, such as: Israel, India, US, China, Botswana, etc. The data contains the founding and registration details, details of the members of the board, names of shareholders, PEP-lists, sanction lists, etc. An external provider, Bureau Van Dijk, which also updates the details continuously, manages the database. Providing this database free of charge to registered Belgian diamond traders enables the diamond industry to verify identity details received from a client within the scope of the Client Acceptance Policy (CAP). AWDC organized five group seminars in February and March 2016 in cooperation with Bureau Van Dijk to inform the diamond traders about the content and use of the know-your-customer database. 425 diamond trading companies and other interested parties (such as banks, accountants, etc.) participated in these seminars. Individual sessions to support diamond traders were offered as well, and the helpdesk has assisted 42 individual diamond traders so far. A total of 379 companies have obtained access to the database since it was launched.

- FinTech - one on one with FX4BIZ
- FinTech - one on one with Uphold
- Insurance: Better safe than sorry, by Anna Grunfeld Landau
- Subsidies for projects that promote international business, by FIT
- Leaving your business to a new owner or taking over a business, by Monard Law
- Real is Rare and targeting Millennials, by DPA

1.4 New AWDC website & Social Media

In July, AWDC launched a completely renewed corporate website, focusing on our first target audience, the Antwerp diamond community, and to a larger extent, all those who wish to join our business community. The massive overhaul was mainly intended to provide more targeted, useful information to our main stakeholders rather than trying to reach very different audiences with equally different needs inadequately. Visitors to the new website first arrive at a pop-up landing screen, offering the three major “products” of our organization, each with its own purpose, content and target audience. By means of this pop-up screen, first-time visitors are guided to the information they are looking for:

DnA: the campaign is already well-known and focuses on the “story” of “Diamonds and Antwerp” and the values our community holds high. In the framework of the upcoming Diamond Year (September 2017-February 2018), this aspect will be further developed with the establishment of an online community that aims to inform the public about this story, in all its facets, from 4C’s to lifestyle, with a B2C and social media focus.

AWDC, the online service platform with a B2B approach.

The Diamond Loupe, which has firmly established itself as one of the industry’s most valued sources of news and information.

The corporate website www.awdc.be features a renewed, intuitive design and is up to date with the latest developments such as responsive design, social media share functionalities, etc. Through the website, our ambition is to better and more efficiently guide the diamond community to the right information, connect with the right people and answer their questions more adequately. The site focuses on services and relevant content in a B2B perspective. The new website is a work in progress and the site

is designed in such a manner that it will allow us to continue to adapt, improve and implement new features in the future.

As part of the “**Diamonds and Antwerp, It’s in our DnA**” campaign, AWDC also launched several social media platforms in June 2016. The objective of this strategy is to illuminate the human side of an historically opaque industry by means of in-house produced and shareable content, and through engaging interviews, articles and videos. The **DnA Facebook** and **Instagram** pages are targeted mainly towards a millennial audience to raise awareness and inform them about the most important trade center in the world of diamonds, as well as to personalize the Antwerp diamond industry. On our **LinkedIn** and **Twitter** pages, we share corporate content on AWDC and industry-related initiatives. Starting from its launch in June, we have reached 460,138 people via our Social Media channels in 2016.

In 2017, this social media strategy will be further developed, both towards local and international target audiences.

1.5 AWDC Security Office

The AWDC Security Office strives to enable, support and facilitate business activity within the Secure Antwerp Diamond Area (S-ADA) and to safeguard its personnel, visitors, products, reputation and information against all internal and external threats.

The AWDC-SO sets out to be the S-ADA's principle and trusted advisor in all security related matters, an indispensable and critical facilitator of the Antwerp Diamond Industry's future and to become a reference in security for all diamond centers worldwide. Our role is based on cooperation by means of a two-way information exchange, spreading information within the respective communities and constituencies of the S-ADA, organizing structural meetings, the provision of security-related recommendations and the inspection and assurance of their best implementation.

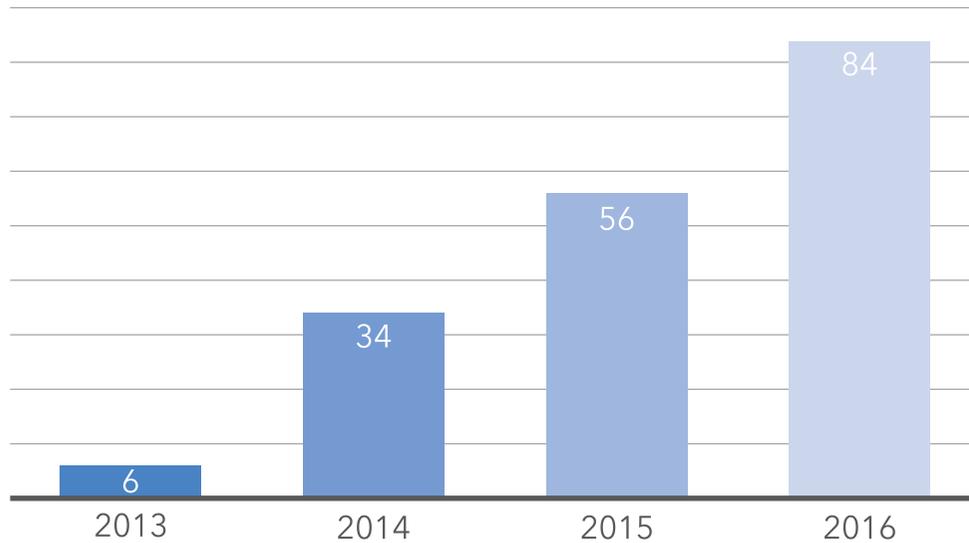
The AWDC SO acts as a single point of contact to the S-ADA buildings, the bourses, private security companies active within the area, the insurance industry, the City of Antwerp, local police, federal police, government services and state security.

The AWDC SO Board of Directors meets 4 times annually and consists of 5 members representing the Industry and the Trade. Relevant information and current topics are provided directly by the AWDC SO Head of Security and Operations. Ultimately, the AWDC SO Board of Directors advises the AWDC Board of Directors on all security-related topics.

Throughout 2016, the AWDC SO Board of Directors invested its efforts in, among other things, the proposal, organization and implementation of the following specific projects: Register, analyze, report and communicate on incidents

- Finalization of the renewal and expansion of the CCTV System
- Finalization of the new vehicular access control system
- Increase and broaden diamond trader security awareness programs
- Test & consider purchase of S-ADA Emergency PA notification system
- Monitor, communicate and lobby changes in Private Security Law
- Raising awareness among S-ADA building managers and employers regarding fire safety and evacuation participation (legal/compliance, civil and judicial accountabilities and responsibilities)
- Continuous monitoring, developing and envisioning of S-ADA Safety and Security situation
- In order to exchange information and/or increase awareness, the AWDC SO has the following tools in place:
 - The AWDC (SO) Newsletter
 - Emails and memos
 - Structural meetings
 - Briefings (one of each every month)
 - S-ADA Security Briefing
 - Anti-Tiger kidnapping seminar
 - Cyber Crime Awareness Briefing
 - Active Killer Briefing
- Awareness posters
- SMS Alert Message
- Host and organizer of security-related diamond industry visits

TRAININGS AND BRIEFINGS



In 2016, AWDC SO organized a total of 82 security briefings for members of the Antwerp Diamond Industry.

According to Belgian law, the organization of an annual evacuation exercise is a legal requirement for every building and/or employer. To meet these requirements, the AWDC SO conducted such an exercise in cooperation with LPA and the City of Antwerp's Disaster Coordinator.

In addition to legal compliance, the primary objectives of this exercise are not only to test, analyze and train building managers, LPA and emergency service responses, but it is of equal importance that the S-ADA population becomes familiar with the evacuation procedures in order to increase awareness and limit casualties, should a real incident occur. Secondly, all instances involved safeguarded the intention to minimize the impact on diamond trade and emergency services.



1.6 Antwerp Diamond Jobs

This year, AWDC decided to focus on improving the service of several departments with regard to the Antwerp Diamond Industry. This decision to re-direct our efforts toward led to the addition of the following profiles in 2016: Senior Manager Business Development - Rough Markets; Junior Public Affairs Officer; Social Media Officer, and; International Business Development Officer - Polished Diamonds.

AWDC also launched something new for the job website **AD JOBS**: a CV database. The objective of this project is to encourage interested potential employees to add their CV to this database. Companies can obtain access to this new tool, provided they have an online job announcement on www.adjobs.be. This will certainly increase the chances of finding the ideal employee by making available all the CVs that have been uploaded to the database. Furthermore, companies will be able to filter these CVs according to field of work, education, experience, etc.

AD JOBS is generating publicity by means of advertisements in subway stations, on trams and specific magazines, via contacts with schools, participation in job fairs, etc. In this way the online jobs receive extra attention. Several job fairs where AD JOBS participated in 2016: SID-in, the University of Antwerp, the Karel De Grote Hogeschool and the Antwerp Management School. Approximately 68% of student-candidates gather information about their course of study or profession at job fairs, and still find them the most important source of career information, which is surprising given their assumed reliance on the Internet. This demonstrates that, contrary to what one may think, personal contact remains very important for young adults.

AD JOBS continues to show positive results since its launch in 2013. More than 100 vacancies were posted and approximately 2,300 applications were sent in 2016. Almost 42% of the archived vacancies were successfully filled by AD JOBS and 39% of the vacancies were created for new positions.

HOW THE VACANCY WAS FILLED



REASON FOR CREATING A VACANCY



2. AWDC AROUND THE WORLD

2.1 Rough Diamond Trade

Overall, 2016 was a good year for rough diamond trading. Indeed, the low level of rough diamonds in the market is helping to sell goods. However, strong rough diamond sales in 2016 may again lead to inflated midstream inventories if retail demand does not strengthen proportionately.

In 2016, the largest diamond producers (ALROSA and De Beers) took a dual approach. On the one hand, they limited rough diamond supply to the market, either through production cuts and/or inventory build, and on the other hand they reduced prices, with a goal of keeping the price of rough diamonds in line with polished wholesale prices, basically returning profitability to the manufacturers.

After a drop of about 15% in rough diamond prices in late 2015, rough diamond prices remained at the same low level throughout most of 2016. Although ALROSA as well as De Beers have reduced production, global year-over-year sales for rough diamonds grew more than 20% in 2016 because of increased sales volumes (including accumulated inventories).

In late 2016, three new large diamond mines went into production: Stornoway's Renard mine in Canada, the Gahcho Kué mine from De Beers and Mountain Province in Canada, and Firestone's Liqhobong mine in Lesotho. Whereas the production launches were relatively small, once in full production they will be significant because they are expected to add 7 million carats into the market next year.

Based on Diamond Office figures, Antwerp imported 12.1 billion USD and exported 12.7 billion USD in rough diamonds in 2016; imports rose to nearly 90 million carats, while more than 100 million carats were exported from the city's diamond industry. The most important trading partners were, for exports (from Belgium), India, UAE and Israel, and for imports (to Belgium) UAE, Russia and Botswana.

Furthermore, Antwerp organized 86 tenders in 2016, an increase of 12% compared to 2015 (when Antwerp organized 77 tenders) and an absolute record. Goods from the three new significant diamond mines, which went into production in late 2016 (Renard, Gahcho Kué and Liqhobong), will be sold in Antwerp over the coming years.

Antwerp is still the most important rough diamond trade hub in the world. 84% of all rough diamonds worldwide pass through Antwerp. Each year, 30,000 Kimberley Process certificates are issued in the EU and thus in Antwerp, or almost half of all the KP certificates issued worldwide. That is why one of the AWDC's main activities is to tap new markets and reaffirm existing relationships. To this end, AWDC organizes various missions to diamond producing countries as well as other initiatives to boost the rough diamond trade in Antwerp.

TRADE MISSION TO SIERRA LEONE

In order to promote Belgian trade relations with this country, the Belgian State Secretary for Foreign Affairs, H.E. Pieter De Crem, organized a trade mission to Sierra Leone and Liberia from 17 - 20 January 2016. The AWDC was present at the visit to Sierra Leone, and participated in the meetings

ROUGH DIAMOND AND KIMBERLEY PROCESS TRAINING IN BRAZIL

Expertise and knowledge are key elements of the Antwerp diamond industry. The AWDC strives to share this expertise as much as possible, in order to strengthen the diamond value chain. This year we provided a two-week course on rough diamonds and the Kimberley Process to 14 Brazilian civil servants in the capital city of Brasilia from 28 March to 8 April 2016. The objective of this project was to increase confidence and knowledge at the level of government, so they can start developing a business-friendly framework for the diamond industry. The course was organized in joint collaboration with the Embassy of Belgium, and was

with high representatives from the Government of Sierra Leone, as well as the meeting with President Koroma, who visited the Antwerp diamond industry in 2014.

visited by H.E. Secretary of State Pieter De Crem.

AWDC also facilitates the sale of rough diamond production in Antwerp from smaller producers and tender houses. This proactive approach includes regular consultation with the various stakeholders in this field as well as a highly successful communications strategy, supporting tender participation through for example an online tender calendar and dedicated mailings.

2.2 Polished Diamond Trade

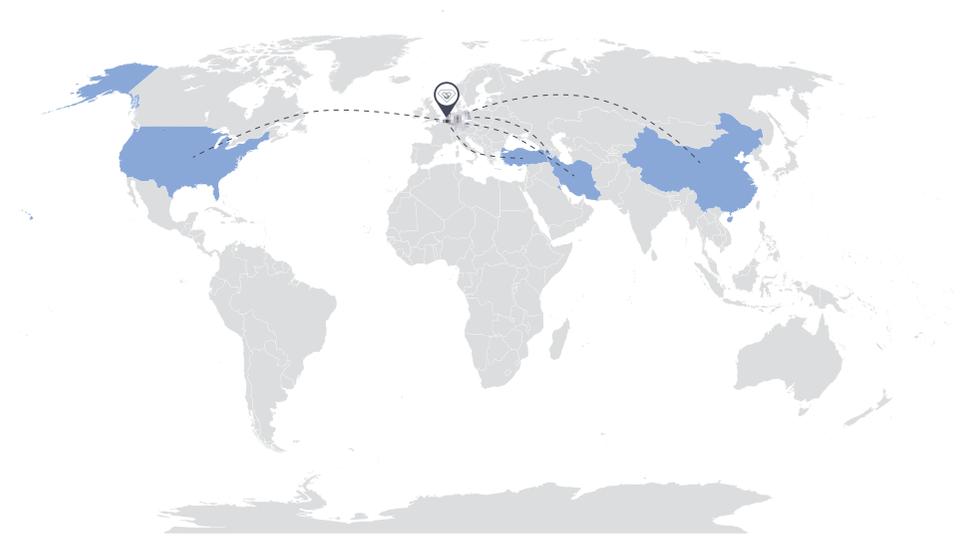
As 50% of all polished diamonds worldwide pass through Antwerp at one point, AWDC makes great efforts to promote the Antwerp diamond trade worldwide by organizing Antwerp Diamond Experiences, participating in royal and economic missions and international trade fairs all over the world.

ANTWERP DIAMOND EXPERIENCES

The Antwerp Diamond Experience is a new concept organized by AWDC, intended to bring groups of jewelers, wholesalers and manufacturers from major and emerging diamond markets into direct contact with Antwerp diamantaires, and give them an intensive three-day networking program and inside access to the world's leading diamond trade center.

This approach, whereby jewelers come to Antwerp instead of the diamantaires having to travel around the world, is much more efficient and cost effective. The diamantaires are also given the opportunity to make one-on-one appointments during the networking sessions, and then meet these jewelers in the confines of their own offices.

Check the map if you would like to know which diamond markets came to visit us in the framework of an Antwerp Diamond Experience in 2016.



MISSIONS (ROYAL AND ECONOMIC)

AWDC JOINS SECRETARY OF STATE ON MISSION TO INDIA

From 14 to 17 February, the AWDC participated in the economic mission to India led by the Belgian Secretary of State for Foreign Affairs, H.E. Pieter De Crem. During the mission, the AWDC and the Minister visited the Bharat

Diamond Bourse and had a meeting with the Gem and Jewellery Export Promotion Council (GJEPC). The import tariff India levies on polished diamonds, as well as issues related to diamond financing, were discussed.

AWDC ORGANIZES ANTWERP DIAMOND POWER SESSION DURING ROYAL ECONOMIC MISSION TO TEXAS

During the Belgian Royal Economic Mission to Texas, from 3 to 10 December, AWDC organized an Antwerp Diamond Power Session in Austin, Texas on 5 December. The participants were welcomed with a presentation about the new campaign "Diamonds and Antwerp, it's in our

DnA". Furthermore, AWDC organized a workshop, "Romancing the Stone", and introduced the participants to the new AWDC initiative: the Antwerp Diamond Experience, a three-day B2B visit to the world's diamond capital.

ECONOMIC MISSION OF THE CITY OF ANTWERP TO SHANGHAI & SEOUL

From 11 through 15 December, the City of Antwerp, in the presence of Mayor Bart De Wever, organized a mission to Seoul and Shanghai. As one of the most important objectives of this mission was to promote the Antwerp diamond industry, AWDC was one of the two partners of this mission, together with the Port of Antwerp. South Korea is a growing

market for polished diamonds, yet Antwerp's market share in the country is currently rather limited. So it was high time to strengthen our commercial ties in Seoul. As for Shanghai, China is the second most important and fastest growing market in the world for polished diamonds, making it priority for AWDC.

TRADE FAIRS

ANTWERP DIAMOND PAVILION AT THE HONG KONG MARCH SHOW

From 1 to 5 March, 95 Antwerp Diamond companies represented the Antwerp diamond industry in the Antwerp Diamond Pavilion at the Hong Kong International Diamond, Gem and Pearl show in Hong Kong, making it the biggest Antwerp pavilion of the year. Considering that Hong Kong remains the number one destination in the world for polished diamonds, with a market that is second in value only to the United States, this show is

highly important to Antwerp diamond companies. However, the general impression within the Antwerp diamond industry is that trade fairs are gradually losing visitors and the return on investment of participating is no longer what it used to be.

FIRST ANTWERP DIAMOND PAVILION IN SHENZHEN

From 20 to 22 April, the Antwerp diamond industry was represented for the first time at the Shenzhen Jewellery and Gem Fair. 14 Antwerp diamond companies participated in the Antwerp Diamond Pavilion. Furthermore, AWDC organized a Diamond Power Session and a networking reception.

ANTWERP DIAMOND COMPANIES AT JCK LAS VEGAS

For almost 20 years now, in June, the world diamond industry gathers in Las Vegas for the JCK Las Vegas show, the leading jewelry event in North America. From 3 to 6 June, 26 Antwerp diamond companies represented the Antwerp diamond industry in the Antwerp Diamond Pavilion to

HONG KONG JUNE SHOW REMAINS IMPORTANT

The June Hong Kong Jewellery & Gem Fair continues to maintain its top spot as the most important mid-year show in Asia, as it is the last important show before the entire diamond industry goes into summer recess. As

ANTWERP DIAMOND PAVILION AT IIJS MUMBAI

From 4 to 7 August, 6 Antwerp diamond companies participated at the India International Jewellery Show in Mumbai, India's main jewelry event of the year. The show gives Antwerp diamond companies the opportunity

HONG KONG SEPTEMBER

From 16 to 19 September, no less than 115 Antwerp diamond companies represented the Antwerp diamond industry at the Hong Kong Jewellery & Gem Fair September. On the 15th of September, AWDC launched

During the power session, visitors could attend three seminars: "Diamond Industry Insights", "Screening and detection of lab-grown diamonds" and "The Antwerp Diamond Experience".

showcase Antwerp's finest assets, combining excellence, tradition, high standards and the best service. Furthermore, AWDC participated in the Texas Jewelers Association networking event and the Jewelers for Children charity dinner.

they are every year, the Antwerp diamond industry was present in large numbers with 54 Antwerp companies participating from 23 to 26 June.

to increase their presence and broaden their network in India's burgeoning retail market, as Antwerp is India's number one supplier of rough diamonds.

the new Antwerp campaign "Diamonds and Antwerp, it's in our DnA" internationally at the fair.

ATLANTA, CHICAGO AND BASEL

Throughout the year, AWDC participated in the Smart Jewelry Shows in Atlanta and Chicago as well as in BaselWorld. AWDC promoted the Antwerp diamond industry at these important shows and informed the

visitors about the Antwerp Diamond Experiences, a new initiative AWDC is organizing to bring buyer delegations to Antwerp. You can read more about it in this annual report on page 22.

2.3 Kimberley Process

As a member of the World Diamond Council (WDC), the AWDC participated in several [Kimberley Process](#) (KP) activities. It represented the industry on the KP Review Visit to the Democratic Republic of Congo (DRC) at the end of February, and on the KP Review Visit to Cameroon in December. The AWDC is also involved in the KP Monitoring Team that manages the re-integration of the Central African Republic (CAR) into the KP.

Furthermore, the AWDC participated in the regular activities of the Kimberley Process, such as telephone conferences of the Working Group of Diamond Experts (WGDE) and the Working Group on Monitoring

(WGM), the Intersessional Meeting (24-27 May, Dubai, UAE) and the Plenary Meeting (13-17 November, Dubai).

On 30 September, the AWDC acted as co-host for the second special forum of the KP Chair on rough diamond valuation. This event was organized in Antwerp and gathered leading industry experts, such as mining companies, tender houses and government diamond valuers.

The AWDC is also part of the ad hoc steering committee that drives the strategic change of the [World Diamond Council](#).



3. AWDC LOCALLY

3.1 Antwerp Diamond Visits

BRIEFING BELGIAN HEADS OF MISSION

The briefing of Belgian diplomats at the level of Ambassador and Consul-General has become an annual tradition for the AWDC. On 29 January 2016, special emphasis was placed on briefing diplomats in existing

VISIT OF THE EMBASSY OF THE USA

On 16 March 2016, a delegation from the US Embassy, headed by Counselor for Economic and Political Affairs Mrs. Michele Dastin-Van Rijn,

VISIT OF H.E. KRIS PEETERS AND DECORATION OF DIAMOND TRADERS

From a government perspective, the diamond industry falls within the competences of the Minister of Economy. On 13 April 2016, H.E. Kris Peeters visited the diamond industry for the first time in his capacity as Minister of Economy of the Belgian Federal Government. He discussed

VISIT OF H.E. MASAFUMI, AMBASSADOR OF JAPAN TO BELGIUM

In the margin of the celebration of 150 years of diplomatic relations between Belgium and Japan, H.E. Masafumi, the Ambassador of Japan to Belgium, visited the AWDC on 19 April 2016. The Japanese market for diamond jewelry, although rather mature, offers possibilities for the

or promising polished diamond markets – such as the United States of America (USA), China and Hong Kong, South Korea, Brazil, Turkey and Japan – on the interests of the Antwerp diamond industry.

visited the AWDC for a tour behind the scenes of the diamond industry and a discussion about bilateral political relations with the USA.

the most salient issues with the AWDC, such as the Carat Tax, banking and cooperation with customs. In the margin of his visit, H.E. Kris Peeters also decorated a number of diamond traders on behalf of His Majesty the King.

Antwerp diamond industry. These market opportunities were discussed with the Ambassador.

BRIEFING NEW FOREIGN AMBASSADORS TO BELGIUM

The City of Antwerp invited all new foreign ambassadors to Belgium for a meeting and briefing at City Hall on 29 April 2016. The AWDC attended this meeting and gave an introduction to the diamond industry, highlighting the

VISITS OF NEW BELGIAN HEADS OF MISSION

In addition to the briefing and short meetings of 29 January, the AWDC invited a large number of Belgian Heads of Missions for a visit behind the scenes of the diamond industry and a briefing on the interests of our industry in their country or jurisdiction. The new Belgian Ambassadors in Tel Aviv, Moscow, Seoul, Kinshasa, Washington DC, Brasilia and Yaoundé, the

NEW 'ANTWERP'S MOST BRILLIANT' JEWELERS

Three new jewelers received the Antwerp's Most Brilliant (AMB) quality label from the City of Antwerp and AWDC at a dedicated event on 10 May 2016:

FEDERATION OF BELGIAN ENTERPRISES VISITS AWDC

The Federation of Belgian Enterprises (FBE) represents the interests of companies at the Belgian level, and acts as an umbrella organization for all Belgian sector organizations. The AWDC participates in a number of commissions and working groups organized by the FBE: on European affairs, international relations, tax and fiscal policy, and economic developments.

MEETINGS WITH KEY REPRESENTATIVES OF NAMIBIA

Namibia was the fifth largest rough diamond producer in 2015. The country has enormous potential and therefore ranks high on AWDC's priority list. On 18 July 2016, the newly appointed Ambassador of Namibia to Belgium, H.E. Kaire Mbuende, came to Antwerp for a meeting with the AWDC and a visit

position of Antwerp in the global diamond industry and the importance of international relations.

Permanent Representative of Belgium to the European Union as well as the Consuls-General in Shanghai, Los Angeles and Rio de Janeiro, all visited the AWDC. A videoconference was organized with the newly appointed Consul-General in Atlanta.

Adelin, Diamondland and Wouters & Hendrix. The total number of AMB-certified jewelers is now 18.

Three representatives from the European and international desk of the FBE visited the AWDC on 11 July 2016 to discuss challenges the Antwerp diamond industry is facing at the European and international levels, and possible cooperation with the FBE on these issues.

behind the scenes of the diamond industry. Ten days later, on 28 July 2016, the AWDC met with a delegation of Namib Desert Diamonds (NAMDIA), headed by the Namibian Diamond Commissioner, to discuss possible cooperation regarding the marketing and sales of Namibian diamonds.

THE DIVA TEAM VISITS AWDC

The team from DIVA, the new diamond experience center in Antwerp that will open its doors by the end of 2017, visited AWDC and received an exclusive tour behind the scenes of the diamond industry. On 13 September,

the participants, including stage director Frank Van Laecke, interior designer Gert Voorjans and curator Romy Cockx, were given more insights on the unique Antwerp diamond story.

THE VOKA YOUTH EXPLORES THE ANTWERP DIAMOND INDUSTRY

Members of the Youth initiative of VOKA, the Antwerp Chamber of Commerce, visited AWDC on September 29, followed by a visit and a lunch in the Bourse. During their visit, AWDC touched upon the challenges facing

entrepreneurs in the diamond industry and how these challenges can be met.

AWDC WELCOMES THE KP VICE-CHAIR

In the margin the second special forum of the KP Chair on rough diamond valuation, the AWDC welcomed the KP Vice-Chair, Mr. Robert Owen-Jones, on 29 September. Mr. Owen-Jones represents Australia and will chair the

KP in 2017. The AWDC discussed the priorities and strategy of Australia's chairmanship in 2017.

SIGNING COOPERATION AGREEMENT WITH VOKA

On September 29th AWDC and VOKA, the Antwerp Chamber of Commerce, renewed and intensified their cooperation. A cooperation agreement was

signed in the presence of VOKA Chairman Stephane Verbeeck and VOKA CEO Luc Luwel.

NEW RUSSIAN AMBASSADOR, H.E. ALEXANDER TOKOVININ VISITS AWDC

Being the largest producer of rough diamonds and the main supplier of rough diamonds to Antwerp, Russia is of paramount importance to our industry. The AWDC therefore invited the new Russian Ambassador to

Belgium, H.E. Alexander Tokovinin, for a visit to the diamond industry and a meeting with the AWDC leadership on October 7.

PRIME MINISTER OF SRI LANKA VISITS ANTWERP

In the margin of his state visit to Belgium, the Prime Minister of Sri Lanka, Hon. Ranil Wickremesinghe, took the time to visit Antwerp and meet with the

diamond industry on 19 October. The AWDC organized a buffet reception in the diamond MAS Pavilion, giving diamond traders the opportunity to

meet with the Prime Minister and his delegation.

MEETING WITH THE KIMBERLEY PROCESS AUTHORITY OF THE DRC

Mr. Alexis Mikandji Penge, Director-General of the Centre d'Expertise, d'Evaluation et de Certification (CEEC) of the Democratic Republic of Congo (DRC), led a delegation that visited the Antwerp diamond industry on 28 October. The CEEC is the leading KP authority in the DRC. At the meeting with the AWDC, Mr. Penge expressed his willingness to strengthen

bilateral relations between Belgium and the DRC, and to increase direct exports from Kinshasa to Antwerp. The AWDC and the CEEC will jointly explore a number of possible initiatives, such as the organization of a Congolese Diamond Week in Antwerp.

INFO SESSION ON NATURAL, SYNTHETIC AND TREATED DIAMONDS

On September 28, AWDC and HRD Antwerp organized an info session on natural, synthetic and treated diamonds for Antwerp's Most Brilliant

jewelers. This could help them to better screen and identify synthetic and treated diamonds.

MINISTER WILLY BORSUS DISCUSSES ACCESS TO BANKS WITH THE AWDC

The Belgian Minister of SME's and independent professionals, Mr. Willy Borsus, visited the Antwerp diamond industry and met with the AWDC, the SBD and the BVGD on 29 November. The meeting mainly focused on a single aspect: how can we jointly assist diamond companies in obtaining

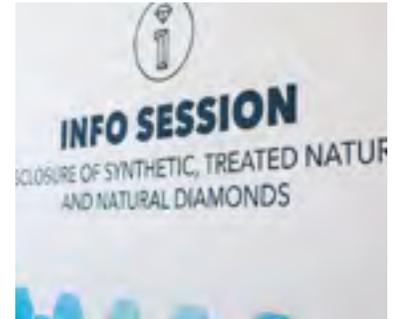
access to basic banking services. The minister expressed his willingness to look for potential solutions to strengthen access to banking services for diamond companies.

AMBASSADOR OF FRANCE MEETS THE DIAMOND INDUSTRY

The French Ambassador, H.E. Claude-France Arnould, manifested an explicit interest in improving the bilateral diamond trade between Belgium and France, both for gem-quality diamonds as well as for diamonds used for industrial purposes. As a first step, the ambassador visited the diamond industry with a large delegation including the director of the

bilateral Chamber of Commerce and Industry. The delegation met with the AWDC staff and board members, but also engaged in a meet and greet with diamond traders.

3.2 Local Events & Initiatives



EPILOGUE

Board of Directors



Mr. Stéphane Fischler
President (Industry)



Mr. Nishit Parikh
Vice President (Trade)



Mr. Freddy Inzlicht
(Bourses)



Mr. Jacques Korn
(Bourses)



Mr. Rajiv Kothari
(Trade)



Mr. Vimal Lakhani
(Trade)



Mr. Samir Mehta
(Trade)



Mr. Thierry Polakiewicz
(Bourses)



Mr. Chetan Shah
(Trade)



Mr. Koen Vandembemt
(Independent)



Mr. Jacques Weisz
(Trade)

EPILOGUE

Management Team



Mr. Ari Epstein
Chief Executive Officer



Ms. Kim Van Weysberghe
PA to AWDC CEO



Mr. Mark Van Bockstael
Head of Business Intelligence



Ms. Manuella Merckx
Head of Diamond Office



Ms. Karla Basselier
Head of Public Affairs



Ms. Trisevgeni Stavropoulos
Head of Compliance & Legal



Mr. Stephan Van Hauwe
Head of Security and
Operations



Mr. Michel Janssens
Head of Finance



Ms. Karen Rentmeesters
Head of PR&Communications



Ms. Margaux Donckier
Head of PR&Communications