



De Beers joins the gold rush for diamonds grown in labs

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De Beers previously insisted on natural diamonds, as worn by the model Iman. The company will now also sell man-made gems under its Lightbox brand, right

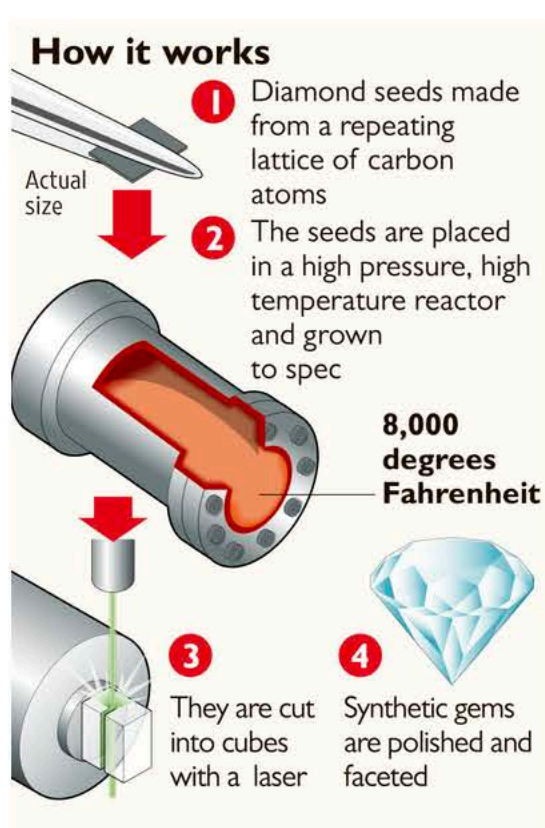
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Waiting up to four billion years for diamonds to form appears to have tested the patience of the world's biggest gemstone company.

De Beers, the London-based mining group that controls a third of the global diamond market, said yesterday that it plans to start producing synthetic diamonds in Oxfordshire.



The man-made stones have the same chemical composition as real diamonds but take only about three weeks to produce. De Beers insists that the move is nothing to do with the supply of diamonds in the ground running low, but admits that production across the industry is “unlikely to increase as extraction costs grow”.

The decision appears to be a turnaround for a company that has historically been an outspoken critic of synthetic stones.

Company executives have previously vowed never to sell artificial gems, even investing millions to develop a machine to spot lab-grown diamonds.

“We would not do anything that would cannibalise the industry,” Simon Lawson, the head of research and development, said in 2015.

Yesterday, however, all that was forgotten as Nimesh Patel, De Beers' chief financial officer, spoke about a “massive opportunity” in the market.

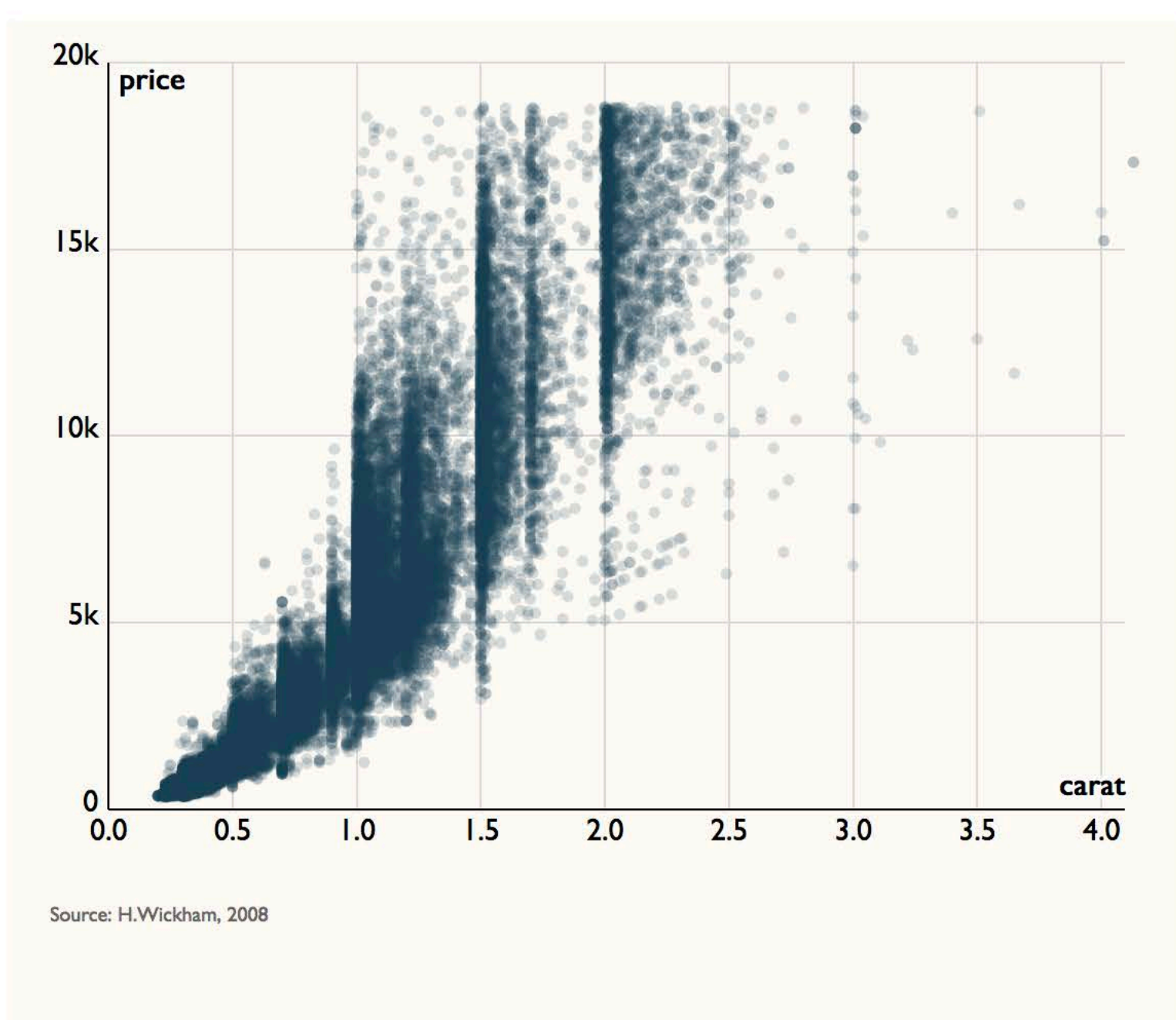
He said: “We have the technology and the experience. We have a 50-year history of producing synthetic diamonds for industrial use so we can take that technology and do something no one else can do — produce at a lower cost, grow our profit, and give consumers something they want that is complementary to our core business.”

De Beers' move is likely to worry rivals who have been producing synthetic stones for years. Traditionally man-made diamonds have been sold at a discount of only 20-40 per cent on the price of the natural gems, but De Beers plans to sell its Lightbox range of earrings and necklaces at £600 a carat, less than a third of the price of the cheapest real stones.

Synthetic stones have grown in popularity lately, particularly among consumers concerned about “conflict diamonds” mined in war zones and the environmental impact of mining. However, producing artificial diamonds requires a huge amount of electricity, meaning the cost in carbon emissions is broadly comparable to mined diamonds.

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The pressure required to make the stones is the equivalent of the Eiffel Tower being stacked on a can of Coke, according to De Beers. The machines that grow the gems work a bit like 3-D printers, adding roughly 0.0002 of an inch of diamond an hour. It takes about three weeks to make a one carat cube, but more than half of this can be lost as it is cut into a traditional jewellery shape.

De Beers currently has “several” of the machines at its site just outside Didcot but is investing £71 million over four years in a new production facility in the United States that will eventually be able to produce half a million carats of rough diamonds a year. The Lightbox range will be available in September.

Experts believe the price of the synthetic stones will fall as advances in technology make production cheaper and quicker.

Paul Zimmisky, a diamond industry analyst, said: “It seems inevitable that the price spread between lab-created and natural diamonds across all sizes and qualities will continue to widen, especially in the case of generic lab diamonds, those that are not supported by a manufacturer or retailer's brand.”

Steve Coe, the general manager of Lightbox, said: “We are simply positioning the product at a price it should be, and where it will be in five or six years' time, thus making sure our customers today are not unhappy customers tomorrow.”

Bruce Cleaver, of De Beers, said: “Consumers regard lab-grown diamonds as a fun, pretty product that shouldn't cost that much, so we see an opportunity here that's been missed by lab-grown diamond producers.”

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