

SPECIAL
Report
JEWELLERY

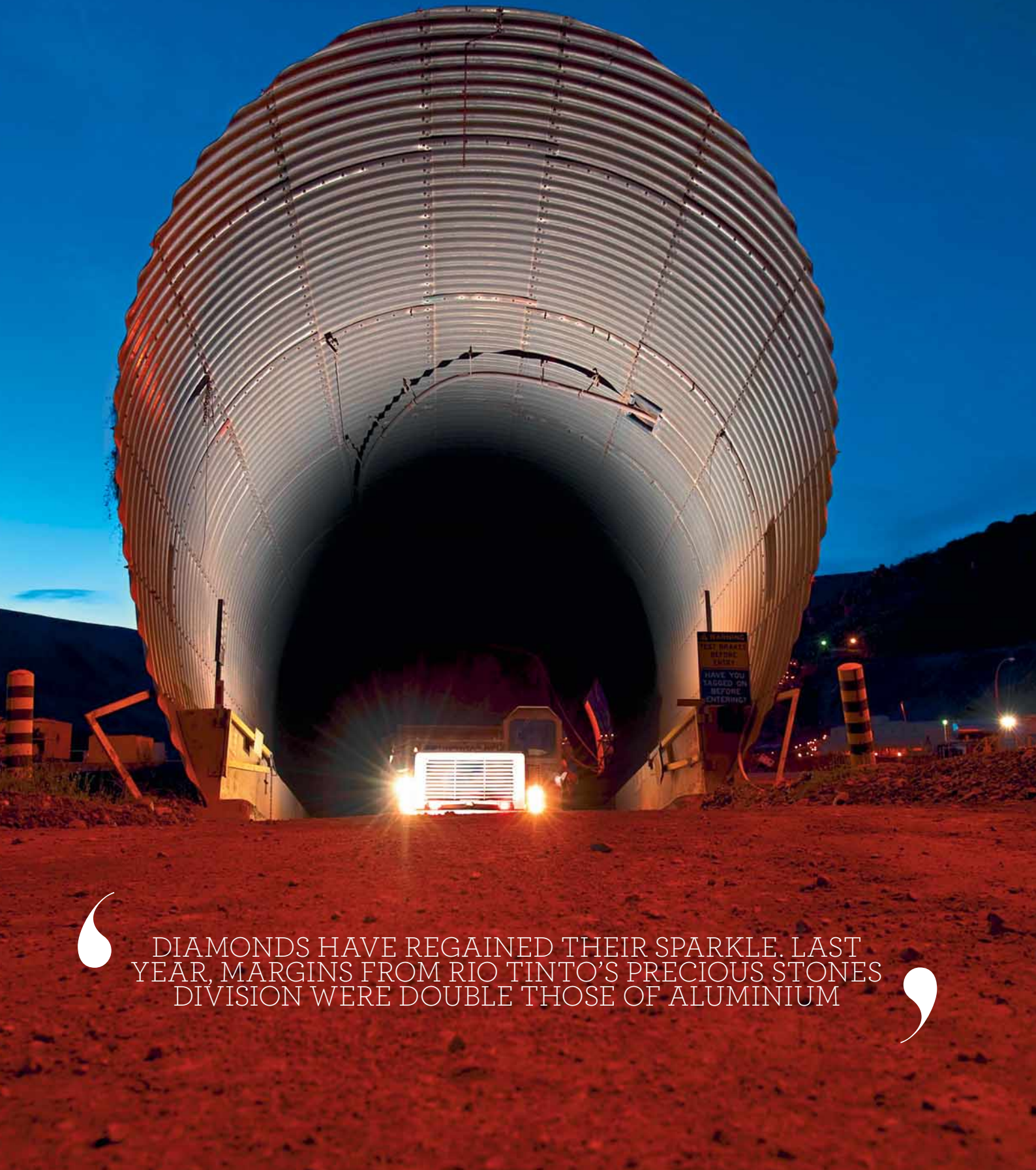
Pretty in

PINK

The famous pink diamond caravan, called the Tender, celebrates its 30th anniversary this year. With diamonds maintaining their value when other commodities fail, the roseate sparklers are more desirable than ever.

WORDS **CAROLINE BAUM**

Portal to Rio Tinto's Argyle diamonds underground mine



Clockwise from above: polishing wheel; rough pink diamond; pink diamond in a calliper during cutting and polishing; Argyle Cardinal; Linneys tiara (below)

From the outside, Rio Tinto's Argyle Pink Diamonds cutting and polishing HQ looks like any other office block in the Perth CBD. But behind the glass and steel facade glinting in the harsh West Australian light is a top-secret, high-security facility where light plays on very different surfaces: pink diamonds, arguably the rarest, most sought-after gemstones in the world.

This is no over-the-counter gem browse. We are to preview the sumptuous \$30m collection of stones that comprise what's known in the trade as the Tender - an invitation-only opportunity for connoisseurs to bid for a small cache of premium jewels.

Only about 50 carats, or 12 grams, are offered for sale in the Argyle Tender each year. This year's Tender, held in August and September, with viewings for select clients in Sydney, New York and Hong Kong (Akie Abe, the wife of the Japanese PM, who recently accompanied her husband to Australia on a state visit, was one) comprises 55 diamonds weighing 47.64ct in total. Argyle pink diamonds are graded according to a palette of 38 colours, from pale pink through purple hues to fiery red. Rarest of all are reds and blues.

It's a low-key fortress, boasting state-of-the-art technology. After fingerprint and photo ID is checked, I enter a showroom that feels like a safe, with a heavy, sealed door and an absence of natural light. Spread on a

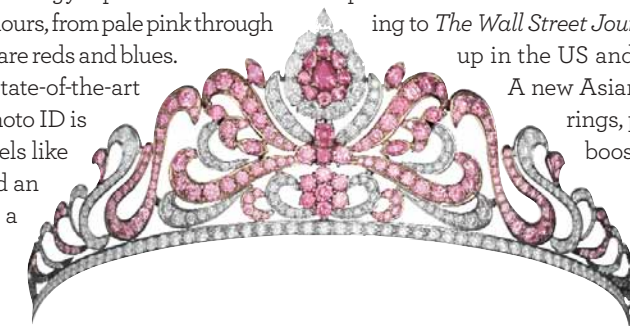
dark velvet cloth are a tantalising collection of stones, some no larger than a sequin, each a different shade, size and shape. Long-stemmed tweezers are used to pick each up by the girdle, the widest part of the stone. I tuck a loupe into my eye socket for closer inspection. Only when seen up close do the diamonds reveal their hidden depth and character. Yes, facets have personality. Each stone is different: some are shy types that glow with a quiet fire; others have extrovert party-girl brilliance.

The reason for pink diamonds' spectacular colours is still unknown, although a unique combination of extreme heat and pressure is believed to be a cause. Heat is also what the diamonds generate when they reach the global market, maintaining their value even when gold and other commodities go cold.

"Diamonds have regained their sparkle," reported *The Wall Street Journal's* Alexis Flynn in July. "Last year, margins from Rio Tinto's precious stones division were double those of aluminium." According to *The Wall Street Journal*, demand for diamond jewellery is up in the US and rose 18 per cent in China last year.

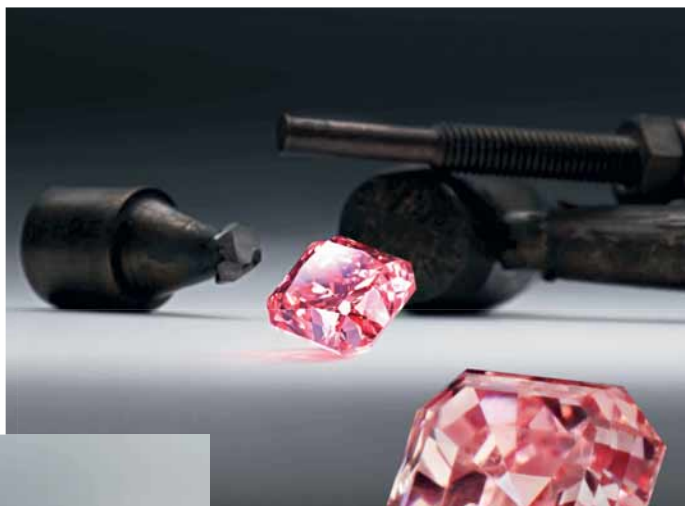
A new Asian taste for engagement and wedding rings, previously a Western tradition, is also boosting sales in India and Japan.

"We expect the demand requirements to grow around six per cent a year" >



PHOTOGRAPHY: COURTESY RIO TINTO DIAMONDS; TIARA: COURTESY LINNEYS

DIAMONDS HAVE REGAINED THEIR SPARKLE. LAST YEAR, MARGINS FROM RIO TINTO'S PRECIOUS STONES DIVISION WERE DOUBLE THOSE OF ALUMINIUM



Diamonds are collated, cut and polished for the Tender (left & top); Argyle Toki (above); Mondial Charisse ring (top left); Cerrone 18ct white and rose gold pink and white diamond drop earring

for the course of the decade,” says Alan Davies, head of the diamond unit for Rio Tinto, the world’s third-largest diamond producer after De Beers and Alrosa. “And when you look at the supply response, there hasn’t been a major find brought on for a long time.”

THIS YEAR, Argyle celebrates the 30th anniversary of the Tender, launched in the world’s diamond capital, Antwerp, in 1984. It’s an unexpected milestone; when pinks were discovered in the remote East Kimberley region of Western Australia near Lake Argyle, geologists believed there might be 10 or 20 years’ worth.

“In the early years,” says Jean Marc Lieberherr, managing director of Rio Tinto Diamonds, “pink diamonds were seen as an oddity, a freak of nature, with no established market. They came from Brazil, India and Russia, and existed only in museums. They were not cut for consumers. Today, the Argyle pink diamond is one of the few gemstones in the world identified by its very specific origins.”

And its rarity. Argyle (a Rio Tinto subsidiary) predicts the mine, which switched from an open pit to an underground block cave operation last year, could yield its treasure for another seven to 10 years. “After that, pink diamonds will virtually disappear,” says Lieberherr. And while Rio Tinto is actively prospecting in both India and Canada, it is possible there will be no more pink diamonds found.

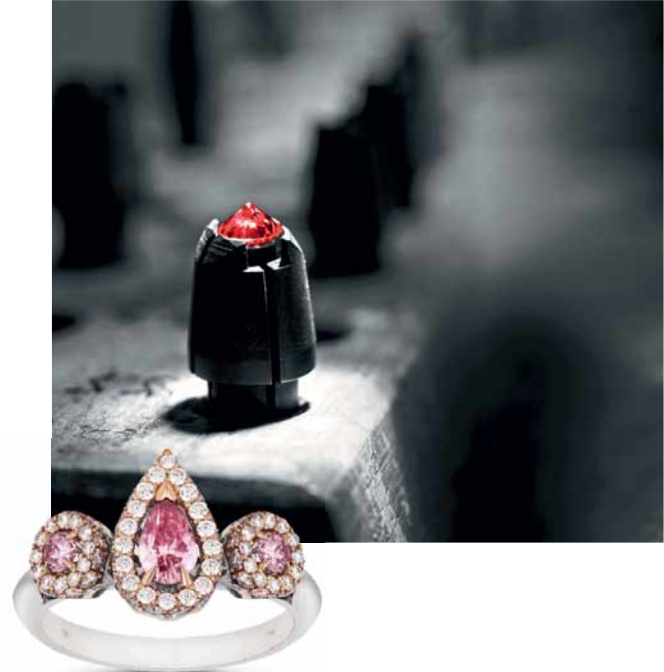
Three-quarters of Argyle’s pink diamond production weighs less than .25 of a carat. With stones no longer able to be safely excavated at the mine’s surface, underground mining yields 50 per cent smaller volumes of stones while maintaining size, colour and quality. It’s a method with huge upfront capital costs, which involves drilling and blasting underneath a block of ore using gravity and geotechnical

stress to do the work, resulting in safer working conditions and requiring fewer people underground than traditional methods.

LIKE AN ELITE CLUB, membership of the Argyle Tender has remained relatively stable for 30 years. In Australia, it extends to 17 ateliers including Cerrone, J Farren Price, Percy Marks, Hardy Brothers, Mondial, Musson Jewellers and Linneys. John Calleija, who has stores in Sydney, on the Gold Coast, and on London’s Old Bond Street, belongs to the exclusive club of just 150 jewellers and collectors permitted to bid at the silent Tender. “It’s a nerve-racking process,” he says. “I once lost out on a diamond by an underbid of just \$1. I have a lucky number – 666 – and once won by bidding exactly \$666 more than my rival.”

Calleija says he joined the Tender through sheer tenacity. “I put on a helluva show at Expo ’88 and just kept pestering Argyle. When I was admitted, I was 27, the youngest member of the group, and it was like being given a ticket to Willy Wonka’s Chocolate Factory. The selection process is rigorous.” During the Tender, each member is given a couple of hours to examine the stones in private. “It’s like a poker game, you can’t give away anything. I go for the ones that speak to me. I see things others don’t. A stone shaped like a shield made others shy away, but appealed to me. I once spent three years looking at a pink before deciding how to set it. These are gems that have lived through the dinosaurs, and the Ice Age. My responsibility is the last three feet of the journey between me and the client. They are so unique, so irreplaceable, that I regret every stone I’ve sold.”

Olivar Musson of Musson Jewellers (and Diamond Guild Of Australia chairman) has been working with pink diamonds since >



Clockwise from left: Argyle Rosette; Argyle Aphrodite (foreground), 2008 Tender; pink diamond in caliper; gemstone on the “dob” that holds it in place as it is worked; Hardy Brothers ring

A SOCIALLY ENGAGED APPROACH TO PRODUCTION MAXIMISES ARGYLE’S ALLURE FOR SOME CLIENTS

the Tender began and compares the experience to restoring a Rembrandt. “When you are choosing the metals to set the stone you have to complement its colour; for example, rose gold can enhance a blush pink diamond.” But he also appreciates their understated quality. “A white diamond of the same value would be extraordinarily large and conspicuous, but an Argyle pink can go relatively unnoticed. There is an exquisite luxury in wearing an item that only you and the initiated few understand the true rarity and value of.”

One of Calleja’s clients, who prefers to remain anonymous, agrees. A keen gemologist married to a geologist, she purchased a rare purplish red stone weighing 1.74ct, known as the Queen of Diamonds, from the Tender in 2007, following a financial windfall. “John wanted it to stay in Australian hands, although the stone was heading to New York for a final sale, and we agreed. It is a real chameleon, changing colour according to the light, set in a very simple ring so most people don’t know what it is. For this reason, it can be worn in almost every circumstance imaginable.”

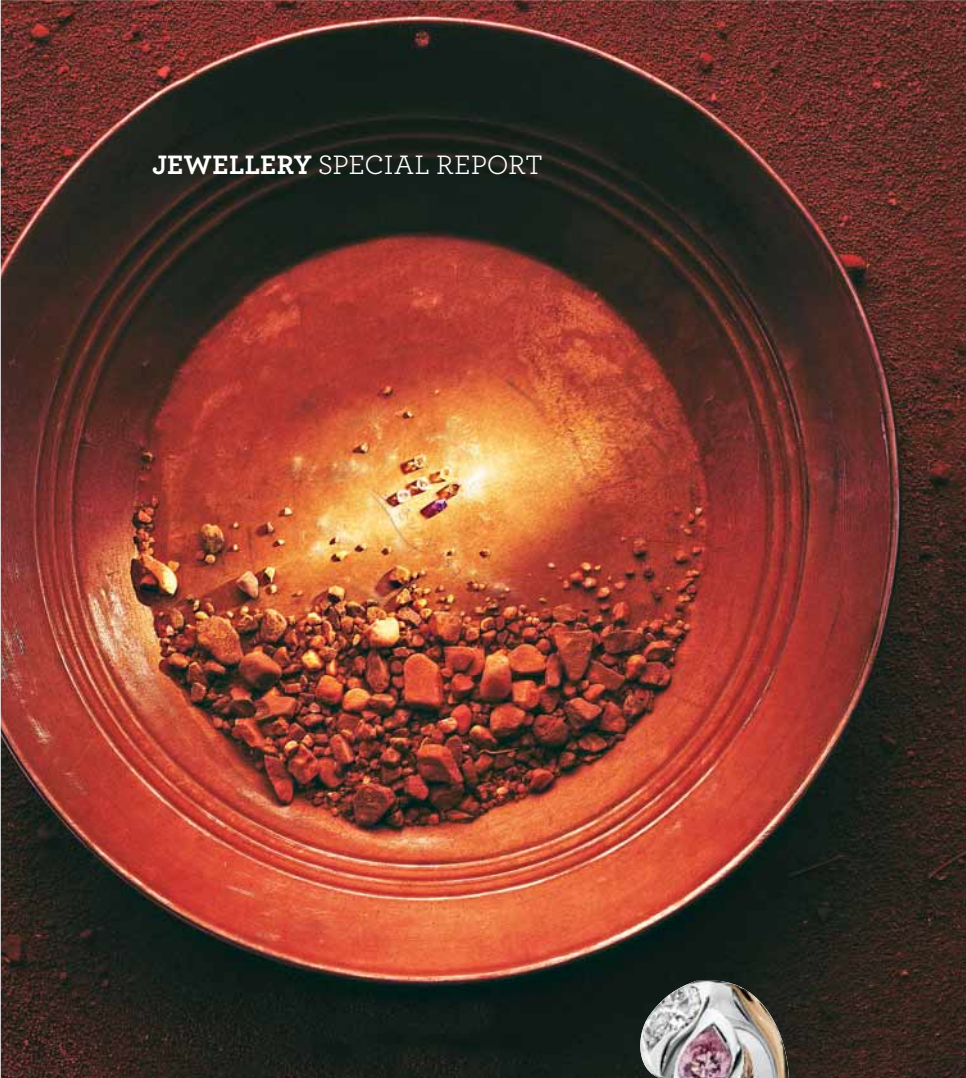
And some you might never think of. Michael Neuman, of award-winning Sydney jeweller Mondial, recalls a client “who specified that a piece had to be robust enough to wear while birthing cows,” a down-to-earth request after the heady experience of showing a \$1m brooch featuring a charismatic stone – “Charisse” – at Kensington Palace. The piece was displayed by Argyle in a special international exhibition to mark the Queen’s Diamond Jubilee – referencing the fact that the Queen was given a pink diamond when she married. “After the exhibit, we reset Charisse into a ring, which we still have

in our showroom with a price tag of \$850,000. It is probably the best stone we have ever had. If we bought it today, it would be worth \$1.5m.”

Historically, diamond mining does not have a reputation as the most ethical industry in terms of work practice and conditions. Since 2005, Argyle has had an Indigenous Land Use Agreement in place, which promotes active participation in the economic benefits of diamond mining on traditional country by increasing the Indigenous workforce. According to the local Gija people, pink diamonds originated in a barramundi dreaming: the fish shed its scales and they became the stones found today. The company also rehabilitates the land it has mined, with a focus on native plant species.

For some clients, this socially engaged approach to production is another point of difference that maximises Argyle’s allure. “It was definitely the deciding factor for Colin Firth’s wife, Livia,” says Calleja, whose celebrity clients have also included Luciano Pavarotti. “She made contact three years ago when she was going to the Oscars for *The King’s Speech* and was championing a cause called the Green Carpet Challenge, a sustainability campaign for the fashion industry. She chose to wear a pair of our pink diamond earrings, set in ethically sourced gold. That was a proud moment.”

EACH TENDER has a theme; this year, it’s rare birds. The collection has three “hero” stones: the Cardinal, a significant fancy red radiant-cut diamond named after a North American finch with vibrant plumage; the Toki, an intense purplish emerald-cut diamond named for a Japanese bird with delicate pink underwings; and ➤



Clockwise from left: diamonds in the rough; J Farren Price Argyle pink and white diamond drop pendant; Musson Loves Embrace rings; Calleija Elyssa ring



the Rosette, a purple-pink emerald-cut diamond named after an increasingly rare European bird with rosy pale-pink colouring.

Their brilliance presents unique challenges. “The crystals are twisted by intense heat to produce their distinct colour, causing light to bend,” says Shauna Holdsworth, operations director of Argyle Pink Diamonds in Perth. “Stones can change colour during the polishing process. We had to modify the polishing wheels and devise new techniques to enhance and maximise colour and yield. Cutting a white diamond is like putting a knife through butter. Pinks have a completely different internal structure, more like knotty wood.”

THE CUTTERS – referred to in the trade as “surgeons” – work in a room of laboratory-like sterility. At the centre of each cutter’s workbench is the polishing wheel. A long suction tube leads up into the ceiling, expelling the diamond dust produced during the polishing process, while the stone is held in place by a vice called a “tang”.

One of the cutters, who cannot be identified for security reasons, estimates that last year he polished 300 stones, always by hand. Some take a day, some take up to a week. “Our method here is unique: it’s all about one stone, one polisher. In India, a stone sometimes gets passed around to several people all the way down the line.”

Before a diamond is polished, 3D scanning and modelling software creates a profile for each stone, identifying flaws (inclusions), calculating yield and wastage, and creating a map that will help the cutters transform a rough, lacklustre crystal through laborious faceting. Stones that have to be cut in two by laser before polishing are referred to as saw-ables; those that can go straight to the polishers are known as make-ables.

Globally, round stones command a premium. Different cultures value different qualities. “The Japanese favour the softer, paler shades that echo the colouring of cherry blossom, while the newly emerging Chinese market prefers the bolder reds, symbolic of good fortune,” says Lieberherr. “The US collectors look for rare reds and vivid colours, but also tend to park their purchases in vaults as investments rather than as wearable pieces.”

Argyle recently made a donation of 500 carats of mixed diamonds to the very visible Smithsonian in Washington DC for exhibition and research purposes. The august institution will research the coloration of the stones, hoping to finally unlock the secret of its (almost) 50 shades of pink.