

De beers diamond jewelers' essay sample

War



**ASSIGN
BUSTER**

1. 0INTRODUCTION

De Beers Diamond Jewelers' is the quintessential diamond jeweler, giving substance to style, bringing together the diamond's dualities of science and poetry, melding its rich history and long traditions with contemporary creativity and cutting-edge craftsmanship. The diamond is a sparkling, celebratory symbol of continuity and eternity, of reassurance and hope for the future, and De Beers brings this beautiful symmetry into the light with its classically elegant jewelers. For a century and more, De Beers' diamonds had been set, anonymously, into the creations of master jewelers around the world. Now the finest natural diamonds, both rough and polished, have a home of their own. Fusing the essential timelessness of the diamond with dynamic, contemporary yet classic designs, we are the leaders in diamond jeweler's innovation in both artistry and craftsmanship. De Beers Diamond Jewelers' was established in 2001 as an independently managed and operated company by LVMH Moët Hennessy Louis Vuitton, the world's leading luxury goods company, and De Beers SA, the world's premier diamond mining and marketing company.

2. 0COMPANY BACKGROUND & TYPE OF BUSINESS

Cecil Rhodes, the founder of De Beers, got his start by renting water pumps to miners during the diamond rush that started in 1871, when an 83.5 carat diamond was found on Colesburg Kopje (present day Kimberley), South Africa. He invested the profits of this operation into buying up claims of small mining operators, with his operations soon expanding into a separate mining company. He soon secured funding from the Rothschild family, who would finance his business expansion. De Beers Consolidated Mines was formed in

1888 by the merger of the companies of Barney Barnato and Cecil Rhodes, by which time the company was the sole owner of all diamond mining operations in the country. The name derived from the De Beers brothers, Diederik Arnoldus and Johannes Nicholas de Beers, Boers whose farm had become the site of a particularly lucrative mine, although they'd sold the claim and had no involvement with the company that came to bear their name. The Second Boer War proved to be a challenging time for the company. Kimberley was besieged as soon as war broke out, thereby threatening the company's valuable mines.

Rhodes personally moved into the city at the onset of the siege in order to put political pressure on the British government to divert military resources towards relieving the siege rather than more strategic war objectives.

Despite being at odds with the military,[13] Rhodes placed the full resources of the company at the disposal of the defenders, manufacturing shells, defenses, an armored train and a gun named Long Cecil in the company workshops. During World War I, the Cullinan Mine was finally absorbed into De Beers. When Rhodes died in 1902, De Beers controlled 90% of the world's diamond production. Ernest Oppenheimer took over the chairmanship of the company in 1927, after buying a seat on the board a year earlier.

Oppenheimer was very concerned about the discovery of diamonds in 1908 in German South West Africa, fearing that the increased supply would swamp the market and force prices down. Former CIA chief, Admiral Stansfield Turner, claimed that De Beers restricted US access to industrial diamonds needed for the country's war effort during World War II. De Beers is well

known for its monopolistic practices throughout the 20th century, whereby it used its dominant position to manipulate the international diamond market.

The company used several methods to exercise this control over the market: Firstly, it convinced independent producers to join its single channel monopoly, it flooded the market with diamonds similar to those of producers who refused to join the cartel, and lastly, it purchased and stockpiled diamonds produced by other manufacturers in order to control prices through supply. In 2000, the De Beers model changed, due to factors such as the decision by producers in Russia, Canada and Australia, to distribute diamonds outside of the De Beers channel, thus effectively ending the monopoly. Current major players in the diamond industry are the African producers Debswana and Namdeb, De Beers, Rio Tinto, BHP Billiton, Lev Leviev, Harry Winston, and Alrosa. In November 2011 the Oppenheimer family sold the entirety of their 40% stake in De Beers to Anglo American plc thereby increasing Anglo American's ownership of the company to 85%. The transaction was worth \$5.1 billion in cash and ended the Oppenheimers' De Beers Dynasty's 80-year ownership in the world's largest diamond miner.