

Billionaire Leviev Said to Strike Angolan Diamonds Deal

By Thomas Biesheuvel and Colin McClelland Jun 23, 2014 6:42 PM GMT+0800



Photographer: Maxim Marmur/AFP via Getty Images

Billionaire Lev Leviev, born in Soviet Uzbekistan before fleeing to Israel in 1971.

Billionaire Lev Leviev struck a deal with [Angola](#) allowing him to charge more for diamonds he mines in the country, according to people with knowledge of the agreement.

The Israeli real-estate magnate will be able to sell gems from his Luminas mine on world markets instead of at a discount to specified Chinese and Dubai traders, said the people, who asked not to be identified as the accord isn't public.

The deal may allow Leviev to raise prices by as much as 50 percent, according to two of the people. Stones from Catoca, the world's fourth-biggest mine, are sold through Angola's Sodiam state marketing unit to preferred buyers at an average of about \$100 a carat, while they can fetch about \$150 on the world diamond market, they said.

A spokeswoman for Leviev Group declined to comment. Antonio Freitas, a spokesman for Angola's state-owned diamond company Endiama EP in Luanda, and Ari de Almeida, commercial director for Sodiam, didn't respond to e-mailed requests for comment.

Angola, the fourth-biggest diamond producing country by value, with sales of more than \$1 billion in 2012, is looking to soften restrictions that deter exploration and development after producers abandoned the country during the global financial crisis. [De Beers](#), the biggest producer, has cut back its Angolan operations, while BHP Billiton Ltd., [Petra Diamonds Ltd. \(PDL\)](#) and Trans Hex Group Ltd. have also surrendered deposits.

Leviev, 57, born in Soviet Uzbekistan before fleeing to [Israel](#) in 1971, made his fortune undercutting De Beers' diamond cartel by dealing with countries including Russia and Angola.

Latest Deal

His latest deal may spur others to return to Angola, which aims to boost investment in untapped resources. Sociedade Mineira de Catoca, operating a mine held by a group including Endiama, OAO Alrosa, Sonangol EP and Odebrecht SA, may seek the same deal for its Tchiuzo operation, one of two new kimberlite mines being developed in the country, one of the people said.

Sociedade Mineira runs the Catoca mine, which produces more than half of Angola's diamonds. Catoca is owned by Angolan state diamond company Endiama, Alrosa, a venture between [China](#) and state oil producer Sonangol and Odebrecht of [Brazil](#). The mine produced 6.5 million carats in 2012 and sales of \$575 million.

Diamond miners in Angola must set up ventures with Endiama and then sell production through Endiama subsidiary Sodiam.

Angola is seen as one of the last great diamond frontiers by an industry that is desperate to find new mines to replace aging assets. Production at many of the world's biggest mines, most of which opened three decades ago, is falling as supplies of more accessible diamonds near the surface are depleted.

Angola has 200 million carats of diamond resources, surpassed only by [Canada](#), [South Africa](#) and Russia, according to a 2013 Bain & Co. report.

Rough-diamond prices are up about 10 percent this year, data compiled by WWT International Diamond Consultants Ltd. show, after more than doubling in the past five as the [U.S. economy](#) recovered and China's rising middle class bought more.