



**THE VIRTUAL
CIBJO CONGRESS
2021**

**SPECIAL REPORT
COLOURED STONE COMMISSION**

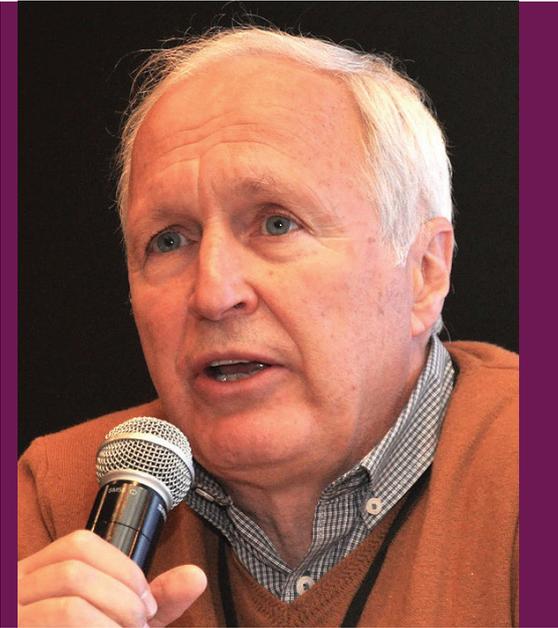
Ethical sourcing in the fragile coloured stone sector demands a nuanced and holistic approach

**By Charles Abouchar, President
CIBJO Coloured Stone Commission**

As was the case in many if not most of the world's economies, since March 2020 the COVID pandemic has left its mark on the coloured gemstone sector. Indeed, its influence is still being felt – in the industry and in the marketplace.

The supply of rough stones slowed, with many buyers having to suspend trips to both mining regions and cutting centres. The consequence of this is that miners were forced to reduce their activity, as they found themselves unable to sell their rough output.

In an industry, where around 80 percent of rough supply is produced by artisanal and small-scale miners (ASM), the slowdowns caused by the coronavirus impacted heavily



Charles Abouchar, President of the CIBJO Coloured Stone Commission.

on local populations, particularly in regions where they are dependent on mining for their basic livelihoods.

Similar consequences were being felt in cutting centres, in part because of shortages of rough, but also because of COVID-related restrictions being imposed on those wishing to enter the countries in which they are located. The result was that there was inadequate supply in many cutting hubs.

In the trade we became aware of these impacts when we noticed that certain stones were missing in jewellery production. Almost certainly, this ultimately will translate into fluctuations in gemstone prices.



Emmanuel Piat, Vice President of the CIBJO Coloured Stone Commission.

THE SUSPENSION AND RETURN OF TRADE SHOWS

For the most part, the international trade fairs that have been supporting our business were cancelled in 2020, with only a handful of exceptions, such as the scaled-back VOICES show organised by the Italian Exhibition Group in September 2020.

In June of this year, a number of shows opened their doors, but due to the labyrinth of bureaucratic and health requirements, the general uncertainty associated with international travel, and the quarantines still being imposed in certain countries, these events were mostly limited to local clients.

In August 2021, almost three months after its usually scheduled date, the Las Vegas jewellery show week did take place. For a great many foreign exhibitors and buyers, it was still impossible to gain entry into the United States, and, while the reports from the shows were generally upbeat, the week still ended up being more of a national event.

In September 2021, the AGTA GemFair Denver took place in Colorado, and the Italian Exhibition group held its first fully-fledged VicenzaOro show since the start of the crisis, also becoming the first European fair organiser to welcome foreigners to its event, on condition that they had been vaccinated against the COVID-19 virus. The Hong Kong September fair additionally took place, but due to the quarantine obligations there were hardly any foreigners in attendance.

For the coloured gemstone sector, two more important European events were scheduled – Mineralientage & Gem World, which took place in Munich, Germany, in late October,



Nilam Alawdeen, Vice President of the CIBJO Coloured Stone Commission.



The CIBJO Coloured Stone Commission in session at the 2019 CIBJO Congress in Bahrain.

and the GemGenève jewellery and gem show in Geneva, Switzerland, coinciding in November with the opening week of the 2021 Virtual CIBJO Congress.

THE CHALLENGE OF ETHICAL SOURCING

The particular characteristics of the coloured gemstone sector, which was brought into focus again during the COVID pandemic, have revived discussions that have been ongoing for more than three years about the implementation of measures to safeguard sustainability and supply-chain integrity in the sector.

With the overwhelming majority of rough coloured stones produced by ASM, which in turn channels its supply through

a complex trading network that has developed organically over literally hundreds of years, the coloured stone industry is the most fragile structurally in all of the jewellery sectors. But literally millions of people rely on the income it generates, many of them living in some of the least developed and most poverty-stricken areas of the world. The consequences of economic disruption,



CIBJO Congress delegates during the session at the Coloured Stone Commission in Bahrain in November 2021.

the past 20 months, can be devastating.

As members of the coloured gemstone trade, we are understandably concerned that our reputation as socially responsible and empathetic professionals not be brought into question. More than once, we have been dismayed by charges that we are trying to preserve the old way of doing business, because of what was mistakenly perceived as a reluctance to embrace supply chain compliance.

This is not the case at all. We are fully aware that pressure is coming from the consuming public, which is increasingly informed by the media about the impact of the mining on the environment and on the local populations. We appreciate that consumers want to know from where the gemstones are coming and whether they were ethically sourced.

COLOURED STONES' UNLEVEL PLAYING FIELD

Our dilemma has always been how to satisfy the demands being made by consumers, civil society, compliance organisations and, increasingly, by some of the larger jewellery retailers, without the unintended consequences of eliminating large groups of innocent participants in our



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industry. This is what could be the result of the cancel culture in the jewellery business.

Our difficulties in promulgating transparent systems for managing supply chains is made more complex by the fact that the playing field is not equal. While it would be unwise to generalise, it also would not be inaccurate to state that the pressures being brought on the coloured gemstone trade are more prevalent in the developed Western markets.

What this means is that buyers of rough from Western countries are finding it more difficult to negotiate with their suppliers, who feel it is less complicated dealing with buyers from other parts of the world.

Our difficulties are compounded by corruption, which is rampant on many levels in numerous mining countries, making many transactions near impossible. And a new phenomenon is now evident, with local dealers increasingly likely to request that payment be made in Bitcoin, rendering the transfer of funds effectively anonymous.

A MORE NUANCED APPROACH IS REQUIRED

In sectors of the jewellery industry where rough production is dominated by a handful of industrialised corporations,

like the diamond and precious metals industries, compliance systems like that of the Responsible Jewellery Council are more easily implemented.

But a rethink of the model needs to take place when it comes to a sector such as ours, where less than 20 percent of mining is industrialised, and the supply chain is historically diffuse. In such cases, one is not simply demanding that new business systems be implemented. What people effectively are being told is to reshape an entrenched business culture that has been in place for generations.

If we try to impose our ethical value system without integrating the opinion and perspective of the local populations, we are likely to be regarded as imposing a new form of colonialism. This would be counterproductive.

Nobody should discount making the utmost effort to have the sourcing of our rough supply be as ethical as possible, but the complex realities of the artisanal mining sector means that we must be nuanced in implementing ethical rules.

A HOLISTIC APPROACH TO ETHICAL SOURCING

Real progress will only be made by developing programmes in the mining regions, which include a dialogue with the communities living there and not only with the miners. Such projects should incentivise the local populations, providing them opportunities to develop their domestic economies,



Photo by Sabrina Ringquist on Unsplash.com

which will remain after a gem rush is over. They are often mistrustful, and justifiably so, for they are aware of the bitter experience of others that, when it all ended, the interested parties disappeared as fast as they arrived.

In my opinion, we need to take a holistic view when

developing ethical supply chains. In order to meet consumer expectations, we also need to cater to the expectations of those at the supply end, and the communities in the cutting centres as well. Initiatives that fully integrate local populations in the solution are the only way to develop sustainable and ethical sourcing programmes.

But these are not programmes that can be imposed by remote control and at long distance. We have to have committed people on the ground. We need to find individuals in the mining areas with profound knowledge of the local society and local culture, who are willing to stay and work over the long term.

There are a number of such projects already in place in the coloured stone sector, and time will tell us how successful this approach has been.

UNIFYING DISCLOSURE PROCEDURES

Preparing for the 2021 Virtual CIBJO Congress, the Coloured Stone Commission Steering Committee has been considering a revision of the Gemstone Blue Book and is working on the list of stones in Clause 8, Annex C, which was revised by members of the Gemmological Commission.

During the previous CIBJO Congress in 2019, the Coloured Stone Commission was asked to find a way to unify the coloured gemstone treatment disclosure procedure. To date, in the Blue Book we have discussed three levels of disclosure.

The first is called General Disclosure and covers what we consider traditional treatments, like heating of corundum and oiling of emeralds. They can still be disclosed today in a general way, by adding phrases like: "Sapphires are generally heated," or "Emeralds are generally oiled."

Other treatments require Specific Disclosure and must be clearly explained to the client at the moment of sale.

The third level concerns treatments which at, this point in time, cannot be detected scientifically. This, for example, include heating of aquamarines and the irradiation of tourmalines, to change their colour. Such treatments should be disclosed, but without adequate laboratory verification procedures available it is difficult to ascertain the degree to which the disclosure standard is being adhered to.

The general consent about disclosure is that today we should only have one way of disclosing any treatment, and

that it should include a description of exactly what the stone has been subjected to. This is required across the board, from bigger single stones to the very small melee goods, and from high-value gems to the small decorative stones which may be used in fashion jewellery.

Our goal is to provide information to the buyer as clearly and as accurately as possible, but without requiring a complicated disclosure, whereby the presentation of the jewellery is undermined.

Another point to consider is not to overburden the dealer with expensive testing, particularly with lower-priced goods where laboratory costs may be higher than the value of the stones themselves. It will be a challenge to find solutions which will be acceptable to the whole market, and not only to the high-end, where gemstones are already standardly sold with a report from a gemmological laboratory.

In the last several years some of the big jewellery chains have begun developing their own nomenclature for the treatments they accept, and imposing rules on the suppliers from which they are sourcing. The standards that are used in these cases are not always uniform. This shows how difficult it is to have a general rule of disclosure for all gemstones.

In the Coloured Stone Commission, we have been working in an easy-to-use application that will allow members to reference Gemstone Blue Book standards and requirements in real time, using a mobile device. We hopefully we will soon be able to inform you about this app.

CIBJO CONGRESS 2021

The CIBJO Congress is taking place this year in a virtual format over a period of two weeks, from November 1 through November 4 and November 15 through November 18.

The Coloured Stone Session is being held during the second week of the Congress, on Tuesday, November 16, 2021, from 3:00 PM-4:30 PM, Central European Time.

The session is open to members of the Coloured Stone Commission, and also CIBJO national association and commercial member representatives. However, members of the jewellery industry who wish to attend may request a special invitation by emailing communications_1@cibjo.org.

The dedicated CIBJO Congress 2021 website is located at www.cibjo.org/congress2021/.

PHOTO CREDITS

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