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WORLD EMERALD SYMPOSIUM

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Ladies and gentlemen,

It is my great pleasure and honour to be addressing you today, at the commencement of what will be six days of great importance for our industry, starting right now with the World Emerald Symposium, and then continuing with the 2018 CIBJO Congress, which officially begin in this very venue on Monday, although pre-congress meetings start tomorrow.

I am definitely going to repeat this statement many times over the coming six days, but allow me to first pay tribute to our hosts and the organisers of this symposium, Fedesmeraldas, Colombia's national trade association which, this year is celebrating the 20th anniversary since its establishment. From experience I can tell you, for a national industry to sustain itself and prosper over the long term there have to be a number of essential elements. Two of the most important are strong trade associations that lead from the front, and a supportive government. Both of those are present in Colombia, and it is essentially why we are here today.

I have had the privilege of visiting Colombia several times over the years, most recently in July when I was here with my team for the planning of the CIBJO Congress. What impressed me most was the dedication and generosity of the group of people preparing this week's events, who I know have spent many months giving of their time voluntarily, for the benefit of their country and our

international industry. It is not something that we should take for granted. Congratulations to all of you. I am sure that the coming six days will be a wonderful success.

I am going to focus my remarks today on responsible and sustainable practices in the jewellery business, and more specifically in the coloured gemstone sector. I realise, of course, that this is an emerald symposium, but the principles and many of the challenges are similar in other parts of the coloured gemstone trade, as are the differences between them and other sectors of our business, like the diamond and precious metals industries.

What sets the coloured gemstone sector apart from the others is the fact that the overwhelming bulk of its raw materials – more than 80 percent, in fact – is produced by small scale and artisanal miners. Contrast that with the diamond industry, for example, where the top six producers are responsible for well over 90 percent of all output.

And possibly because so much of coloured stone output is produced at the grass-roots level, often employing entire communities living in outlying areas of the developing world, its economic and social consequences are massive. It is well known that we deal in luxury industry, producing items that are not essential for daily living. But, in so many parts of the world – in South America, Africa, the Indian subcontinent and South East Asia, our industry is an absolutely essential element of economic life and social wellbeing. Take it away and entire societies will suffer.

For almost 20 years, dating back to the conflict diamond crisis in Africa in the late 1990s, the jewellery industry has been grappling with the challenge of structuring demonstrably responsible supply chains in the business. Multilateral regulatory systems, like the Kimberley Process for rough diamonds, and national and regional legislation, like parts of the U.S. Dodd Frank Act that deal with precious metals and the more recent precious metals legislation passed by the European Union, coupled with a range of private sector initiatives, have all worked to establish an infrastructure that

never existed before. CIBJO has been involved in many of them right from the very beginning.

But while the regulators focused on diamonds and precious metals, coloured gemstones were pushed to the side. It was not that coloured gemstones do not have similar challenges to diamonds and precious metals, but the informal structure of the coloured gemstone industry and its very fragile social structure made it a more difficult challenge. Let us first deal with the more economically robust sectors, the regulators insisted, and then maybe the models we have created can be adapted for coloured gemstones.

But it now seems that this period of grace for coloured gemstones is coming to an end. The coloured gemstone trade is being discussed at the OECD, the Responsible Jewellery Council is planning to include emeralds, rubies and sapphires in the next edition of its Code of Practices, and major jewellery distributors are seeking ways to ensure that they can show that the coloured gemstone jewellery they sell has been responsibly sourced.

We have to meet the challenge. And we need to do to that, without threatening the livelihoods of the men and women who have earned their living over the years from the coloured gemstone trade.

The term “responsible practices” covers a broad spectrum, some of which are no more difficult for the coloured gemstone sector than they are for other sectors of our business, and some of which are considerably more difficult.

One of the categories that all members of the coloured stone sector must commit to, irrespective of their size or financial capacity, is ensuring a fair, honest and transparent trade.

CIBJO believes that it is possible to do this by applying the standards, terminology and nomenclature contained in the CIBJO Blue Books, and, within the trade, by using the Coloured Gemstone Disclosure Codes, which were formulated jointly by AGTA, ICA and CIBJO.

But the more challenging category involves the steps that should be taken to ensure that gemstones are sourced from ethically

responsible suppliers, and that reasonable measures are being taken to mitigate any negative social, economic and environmental impacts that may result from mining, processing and trading.

In principle CIBJO follows the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas devised by the Organisation for Economic Cooperation and Development, which is more commonly known as the OECD, and supports the United Nations Guiding Principles on Business and Human Rights. But at the same time, we recognise the very real difficulties faced by the coloured gemstone sector because the bulk of its supply comes from small-scale and artisanal miners.

We insist that, to the greatest degree possible, any measures proposed to promote responsible practices should not unreasonably disadvantage smaller and medium sized enterprises, nor should they disadvantage certain gemstones because they are mined and handled exclusively by SMEs.

One of the issues we have looked at is the creation of choke points in the coloured gemstone chain of distribution. These refer to specific places where almost all gemstones must pass. If we can verify the integrity of the gemstones at those points, then we can more reasonably show that they have been ethically traded, as they continue to move through the pipeline.

The systems that have been established in the diamond and precious metals sectors rely on such choke points. In the diamond sector these are national Kimberley Process Authorities, which have been created through national or regional legislation in 81 countries, accounting for approximately 99.8 percent of the global production of rough diamonds. In the precious metals sector, these are the refineries and smelters, of which a relatively small number do the processing for an entire industry. There, the dominant regulatory body is LBMA, whose standards refineries and smelters need to comply with in order to gain full access to the international trade.

Given the wide variety of coloured gemstones and the massive number of small companies involved in their production and

distribution, it is unlikely in the foreseeable future that a single regulatory umbrella will be established for the coloured gemstone sector, like the Kimberley Process. But if the trade and government cooperate, on a country by country basis, it may would be possible to establish a multitude of chokepoints, which can verify and certify the integrity of the gemstones in their respective regions of jurisdiction.

The incentive for governments to join with industry in creating such national chokepoints would be to defend and grow the market share of their own gemstone industries. But that is not the only incentive. It is also a system that will help create legal pathways for artisanal miners, enabling them to enter the legitimate chain of distribution. As we know, today much of the material they produce is sold on the black market or smuggled, and therefore produces little to no tax revenue for the state and local governments.

Over recent months I have spoken with a number of governments, and the ideas that I presented have been quite well received. Indeed, in CIBJO we will present a general Responsible Sourcing Guidance document at the upcoming congress, which in time could come to serve as a set of standard for this future network of national offices, verifying the integrity of coloured gemstones mined in their territories.

In many respects Colombia, with its industry and government working hand in hand, is a proponent and pioneer of this approach. The formalisation programme underway in its emerald sector, through public and private partnerships, involves regulation and traceability on the one hand, while providing technical assistance and bank financing to those who sign on. From what we understand, the number of registered emerald traders in the national registry grew from 178 in 2015 to 5,150 in 2017.

There, is of course, one more essential element to “responsible practices,” and that is to positively impact the lives of the communities and countries where gemstones are handled, by

helping create sustainable economic and social opportunities at the grass-roots level.

In 2006 CIBJO became the first and only jewellery and gemstone body to obtain special consultative status with the UN Economic and Social Council, or ECOSOC, and in so doing we committed ourselves and our member associations to helping achieve what were then the Millennium Development Goals, which were replaced in 2015 by the 17 Sustainable Development Goals and their 169 more specific targets. The objective is to meet them by 2030.

Sustainable Development Goals 13, for example, addresses the need to combat climate change. In CIBJO we are working to address this on behalf of the greater jewellery and gemstone industry through our Greenhouse Gas Measurement Initiative, which is a programme that enables members of the industry to measure their carbon footprint, and then offset it by buying carbon credits.

SDG 17 calls for a global partnership for sustainable development, and in the coloured gemstone sector we can help achieve that by working to improve the lives and prospects of artisanal and small-scale miners.

Clearly it is difficult, if not impossible for any one company or even industry to address every single one of the Sustainable Development Goals. The strategy is that through millions of programmes and projects, conducted by individuals and companies around the world, we can do it together.

The great Colombian writer, Gabriel Garcia Marquez, once wrote: “It is not true that people stop pursuing dreams because they grow old, they grow old because they stop pursuing their dreams.”

Let us all pursue our dreams together, and in so doing stay forever young.