

## Watches & Jewellery Asia - Gems

# Emerald miners hope to make the grade

**Mining Gemfields is trying to introduce transparency and order into a chaotic and inconsistent market, writes Syl Tang**

**T**he four Cs – colour, cut, clarity and carat, a system invented by DeBeers in 1939 – guide the pricing of millions of diamonds sold each year. But when it comes to coloured gemstones there are no such industry standards.

For many jewellers obtaining rubies, emeralds and sapphires, the three most popular coloured stones, is a haphazard process.

“Buying emeralds is chaos. There is a lot of variation. If you go to a few dealers, you might be able to get two stones of the same colour, same weight, but then the cut? No. And price, not the same. It’s so variable,” says Shaun Leane, a London-based jeweller.

Now Gemfields, the London-based mining and processing company, believes it may have found a way to introduce transparency and order into the coloured gems market. The company, which specialises in ethically sourced coloured gemstones, has a 75 per cent stake in the Kagem emerald mine in Zambia, as well as amethyst mining operations, rubies in Mozambique, sapphires in Sri Lanka and a prospecting licence for Madagascar.

However, its current focus is on Kagem, which has already produced nearly 30m carats in stones and is where Ian Harebottle, chief executive, has established the emerald industry’s first formalised rough grading system.

“This mine was discovered in the 1970s and was not profitable. When we bought it in 2008, it was in debt,” says Mr Harebottle.

“The grading process is one of the ways we made the ethical stones we’re producing predictable and desirable. We are one of only two revenue-producing, tax-paying mines in the area,” he



adds. In 2014, Gemfields generated revenue of \$160m.

The company rates emeralds according to a chart grading the stones from premium emerald to beryl 2 (stones that do not have the depth of colour to be classified as emerald) and across six sizes ranging from 4mm to more than 31mm, into a total of 192 categories.

“The gemstone industry has always been fragmented and filled with conflict. You might go to three or five dealers for an order of 300 stones and just purchase whatever they had. You couldn’t get consistent colour or supply,” says Ronny Seliktar, president of Select Jewelry, a New York-based company that supplies retailers with finished emerald jewellery.

“It was an impossibility to predict your emerald [and ruby] inventory.”

Select Jewelry has linked up with

**In the rough: the perception of Zambian emerald is changing**

*Adam Fox, Gemfields*

Gemfields to help supply volume retailers such as Macy’s, the US department store chain. Select will benefit from predictable stock supply.

Gemfields has also created an invitation-only auction platform, announcing in advance the stones available and at what initial bidding price. To date, 18 emerald auctions have been held that have delivered gross sales of \$325m.

A more consistent grading process could have a significant impact on the workings of the global gem industry. Colombia is believed to hold the majority of the world’s emeralds. However, Oscar Baquero, head of Pedesmeraldas, the country’s emerald federation, has conceded that Colombia is now behind Zambia and Brazil in terms of output, producing around 2m carats in 2014.

Kagem produced 20.2m carats of emerald and beryl during its 2014 finan-

cial year. But CIBJO, the World Jewellery Confederation, says these figures do not differentiate between emerald and green beryl and points out that Colombian emeralds are considered more valuable than ones from Zambia.

Gemfields grading system and auction process has not spread to other gem companies. However, jewellers are reporting a positive shift in the perception of Zambia as a source for emeralds.

“There was a time when I would show a Zambian emerald, the customer would say ‘No, no’ and that has completely changed,” says Tarang Arora, creative director and chief executive of Amrapali, the jeweller.

“[Gemfields] has empowered the cutters by giving them options in both timeframes and stone. Now they’re having auctions according to what the market needs... Everyone knows what

auctions will have what, which in turn means when Christmas comes, you know what you will have in stock,” he adds.

Creating a predictable and transparent system has also had another effect. Mr Arora says that perceived pressure to buy at auctions has led to higher prices for emeralds. Buyers know that they will not secure another supply of emeralds for a further three months and as a result buy more than is necessary.

“I would say the price [of emeralds] has gone up anywhere from three to 10 times,” he says.

Gemfields has rolled out its auction and grading system to rubies from its deposit near Montepuez in northern Mozambique and expects to extend this further as demand for gemstones that have been responsibly sourced continues to grow.

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