



# LOOKING FROM THE OUTSIDE IN

***Veteran industry strategist YA'AKOV ALMOR poses some pertinent questions and points at the issues the new GJEPC leadership cannot but address and resolve. He is, however, optimistic and excited about the opportunities presented to the Indian diamond gem and jewellery industry and trade.***

**C**all me old-fashioned, but there is nothing better than reading up on industry news with a fresh 'hard' copy of a trade magazine on the kitchen table, a cup of coffee at hand and a good measure of time set aside.

At an early morning hour during one of the last days of March, a messenger delivered *Solitaire's* first issue of 2018 to my doorstep, featuring a cover story entitled "India Aims For Leadership In Gold And Jewellery." Obviously the issue reached me with some delay, and by the time I got to tear the elegantly designed magazine from its sturdy plastic wrapper, more than two months had passed since its publication.

Of course, the scam involving Punjab National Bank, Nirav Modi and Mehul Choksi had long broken, but reading the January cover story, I became still quite upset that in an article that runs over 11 pages, there was no sign of introspection, not a word about the enormous responsibility that the quest for global leadership of and in our industry entails, and not a single question about what India will need to change to shoulder this responsibility successfully.

### Hard questions

While reading, I jotted down some of the hard questions the new leadership of the GJEPC may be asking itself:

- How are we perceived by the world?
- What are we doing to stop the scoundrels from ruining India's reputation with their criminal activities?
- What are we doing to make sure that throughout the pipeline in India's industry, ethics and ethical behaviour become the chief guideline, and with it, the life blood of the industry?
- What training programmes are we creating to deal with all of the above?
- And what do we tell the world, including today's all-knowing consumer, how we go about fixing all this?

Of course, by the time I am writing this, and while reading up on the topic, it is clear that the PNB-Modi-Gitanjali mess has been expanding by the day and that the number of people – operators, employees, bank staff, and the overseeing authorities –

who have failed to act, to speak out, to blow their whistle and to report the crimes perpetrated and committed – is now staggering, as are the financial implications of these failings.

### Silver lining

But there is a silver lining to all this, I believe. After all, as the saying goes, for things to get better, they often have to get worse first.

Therefore, this may be the moment for the new GJEPC leadership to look beyond the immediate and pressing issues the current situation presents; take a step back and consider how its future actions may affect the outside world's perception of the Indian gem and jewellery industry and how they may influence and improve its audiences' perception for the better.

The new leaders would do well, so it seems to me, to shout out loud that they are the representatives of the industry's new generation; that they are not doing the biddings of large corporations, nor the proxies of any particular and powerful industry interest groups but that they have come into office only and foremost to represent the joint interests of the GJEPC membership. And with that they also would do well to declare themselves the new broom that will not hesitate to lift up the good old carpets of complacency and clear the dirt away that has long been swept under them. The fact that you are reading these lines is the first proof of the fresh wind blowing in the corridors of the GJEPC.

### Step back and marvel

Secondly, and before anything else, this is also a moment to take a step back and marvel. Marvel at the enormous achievements that the Indian diamond, gem and jewellery industry has achieved; the gigantic strides that have brought them to the forefront of the current industry make-up. The rapid growth of India's diamond industry is exemplary and also amazing.

It is only a short while ago that in this industry, with its strong colonial roots and its almost feudal structure that governed supply and demand, India was merely seen as a second-class if not third-class player



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Ya'akov Almor



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that was expected to follow the directives of the overlords in the Western world, and certainly was not expected to demand its place at the table of the international diamond manufacturing and trading community.

### **How things have changed!**

About everything has changed! Today, India leads the diamond, gem and jewellery industry in numbers, displaying continuous and steady growth. Everything in the aforementioned cover story reflected those developments. But now, the new generation of leaders who have been given the reins need to take the next giant step and by setting new standards, take the opportunity for India to become the shining example of the global diamond, gem and jewellery industry and trade.

This, no doubt, is a tall order. Fortunately, the GJEPC has already shown that when it wants to, it can deliver the goods. The work the GJEPC, in cooperation with Bonas, has done to get a grip on the synthetic diamond industry, to map it in detail and enter into a dialogue with the synthetic diamond industry, is a good example.

Fortunately, the gem and jewellery industry is not unique in the challenges –

reputational, environmental, social – it is facing. In fact, a small industry like ours that is worth less than half a trillion US dollars, top to bottom – that means from the mining of rough materials such as precious metals and gemstones including diamonds, to the retail sector – would do well to look at other, similar industries, such as the luxury watch industry and also, and in particular the much larger consumer goods industries, such as the global fashion industry.

### **The UN’s SDGs**

Of course, the entire luxury industry is now aware of how conscious we all have become of the need for sustainability and transparency. Earlier this year, at Baselworld, which now is predominantly a luxury watch fair, a panel discussion was held under the header “*Why the jewellery industry should engage with the United Nations Sustainable-Development Goals.*” (<https://www.businessoffashion.com/articles/video/why-the-jewellery-industry-should-engage-with-the-un-sustainable-development-goals>)

An article posted on the website of The Business of Fashion reported that “with a complex and opaque supply chain — which often involves the shipment of gemstones in and out of numerous countries as they are mined, cut, processed and polished — the \$148 billion jewellery industry is notoriously difficult to regulate. As a result, the UN estimates that over 5 million women and children are employed illegally in mines. There are also severe ecological ramifications. Over 20,000 tonnes of mercury are estimated to be released illegally into the environment every year within the global artisanal and small-scale mining eco-system.

To raise awareness of these issues and stimulate a dialogue on sustainability within the jewellery industry, in partnership with Chopard, Business of Fashion hosted a panel discussion on how the industry can adopt the United Nations’ 17 sustainable development goals (SDGs), with Julianne Moore, Colin Firth, Arizona Muse and Chinese singer and

actor Roy Wang at the Baselworld watches and jewellery fair. The ambassadors were in attendance to celebrate Chopard's market leading announcement that it will only use ethically sourced gold in its supply chains from July 2018. "We have to spread the information that it is able to be done in a different way. Because if the consumers ask then the companies are obliged to do it and the countries are obliged to follow," said Chopard co-president Caroline Scheufele.

The UN SDGs are a lofty goal, and in our industry CIBJO - the World Jewellery Confederation has been carrying the SDG banner since long, unfortunately, mostly due to its poor organisational structure, with little success. The UN SDGs, however, are of utmost importance and need to become part and parcel of our global industry's goals.

## Fashion as an example

But as to how to achieve these, where can we look next for inspiration and help? The \$2.4 trillion fashion industry, much bigger than ours and that's at the same time inexorably connected to our industry, is a good choice.

Next month, at the Copenhagen Fashion Summit, sustainability will be on the top of the event agenda. In an interview with the website Business of Fashion, Eva Kruse, CEO of the Danish Fashion Institute and the engine behind the Global Fashion Agenda, listed seven priorities toward meaningful sustainability. We recommend you read the article online: [https://www.businessoffashion.com/articles/news-analysis/fashions-7-priorities-to-achieve-sustainability?utm\\_source=Subscribers&utm\\_campaign=42f35a0254-what-trump-s-trade-war-means-for-fashion&utm\\_medium=email&utm\\_term=0\\_d2191372b3-42f35a0254-418165517](https://www.businessoffashion.com/articles/news-analysis/fashions-7-priorities-to-achieve-sustainability?utm_source=Subscribers&utm_campaign=42f35a0254-what-trump-s-trade-war-means-for-fashion&utm_medium=email&utm_term=0_d2191372b3-42f35a0254-418165517)

In the interview, Kruse lists seven goals that she thinks the fashion industry needs to aim for:

1. Supply chain traceability
2. The efficient use of water, energy and chemicals
3. Respectful and secure work environments

4. Sustainable material mix
5. Closed-loop fashion system
6. The promotion of better wage systems
7. The fourth industrial revolution

The first three 'goals' and the other four 'transformational priorities' for fundamental change are all relevant, with adaptations, to suit our industry.

### 1. Supply chain traceability

Fortunately, in the diamond industry the Kimberley Process Certification System (KPCS) is in place. It isn't perfect but do realise that it is a unique system! Of course, a similar system is needed for synthetics, not to keep them out of the market, but to assure they cannot be entered, undisclosed, into the market and thus taint the entire jewellery supply pipeline.

### 2. The efficient use of water, energy and chemicals

This is huge, if not the biggest issue in the fashion industry, but for our industry somewhat less. Still, in the precious metals industry, there is a lot of work that needs to be done to assure that the use of cyanide, mercury and many other metals is curbed and pollution prevented.

### 3. Respectful and secure work environments

A hot topic that has been high on the agendas of the NGOs operating in the gem and precious metals industry. Our industry shares with the fashion industry the need to act against dangerous working conditions, workplace discrimination, exploitation across all levels of the industry in a variety of shapes and forms. Organisations and companies should formalise respectful working conditions with policies that adhere to universal human rights.

### 4. Sustainable material mix

In the fashion industry, the material sources are renewable and in most cases sustainable. Precious metals and gems, however, are a finite source and in terms of sustainability this will require a different approach. Fortunately, there are many pioneers in

our industry who have been clearing and defining the route for our industry to follow, if it is by means of fair trade or intensive work at the mining sources, to assure that the communities, once the sources are depleted, will have an infrastructure in place for continued development and growth.

### 5. Closed-loop fashion system

In the fashion industry, 73% of the world's clothing ends up in landfills, while less than 15% of clothes are recycled and less than 1% of material used to produce clothing is recycled into new clothing. For precious metals and gems, due to their relative high value and low volume, we are, for a change, somewhat better positioned when it comes to recycling and re-use.

### 6. The promotion of better wage systems

The global fashion industry employs 60 million people along its value chain, making it a significant driver of economic health and employment. However, in our industry, too, working conditions and wages, especially at the informal and artisanal mining sources, but also further upstream, are often terrible and need immediate attention and resolve. India, as a world leader in our industry, would need to take affirmative action in these areas, at home and abroad.

### 7. The fourth industrial revolution

Like in the fashion industry, technology is a key driver of change in our industry. India, as a labour-intensive gem and jewellery industry, would need to analyse how technological advances will impact workers across the supply chain and consider this when employing new technologies.

In closing, all of the above is now on the plate of the Indian gem and jewellery industry. It comes together with the self-proclaimed leadership position that India, by means of the GJPEC, has expressed. The world is watching how India will be living up to it. ■

The views and opinions expressed or implied in this article are entirely those of the author and do not necessarily reflect those of the magazine.