



## Layoffs in French Polynesia pearl industry caused by overproduction, industry leader says

Source: Oceania Flash/SPC – 19 December 2001

French Polynesia's largest black pearl company owner, Robert Wan, says his decision to temporarily lay off some 400 employees for the next six months was mainly caused by an excessive production of black pearls in the French territory. In an interview with the daily newspaper *La Dépêche de Tahiti*, Wan, who is regarded as one of the first local businessmen to have invested large amounts in the industry over twenty years ago, said the current crisis was mainly caused by excess production and a drop in quality, causing, in turn, a drop in prices. This translated into 400 employee layoffs within his Perles de Tahiti company, for six months, especially in the pearl farms of the Tuamotu and Gambier archipelagos. But during this period, Wan assured employees would continue to receive a tenth of their current salaries. 'Since last year, international buyers of Tahiti black pearls have not shown the interest they used to at auctions held in Papeete', Wan said. Wan recalls that prices have dropped by 70 per cent since 1994 and by 20 per cent in recent months. Another decision — linked to the personnel layoffs — was to stop grafting (the operation that involves implanting the kernel of a future pearl into the oyster) for stock that would be harvested in September 2002. Wan also predicts increasing competition from Pacific Island countries, such as the neighbouring

Cook Islands, but also Fiji (which produced its first batch of black pearls this year), Micronesia, the Marshall Islands, and Solomon Islands. Until recently, Wan was producing some five tonnes of black pearls per year. In March, French Polynesia's President Gaston Flosse personally took over the responsibility of the pearl industry portfolio and introduced drastic quality control measures, which included a tight control (including seizure and destruction) of low grade pearls. According to statistics, pearl farming and related industries currently employ some 7000 people locally, in over a thousand pearl farms throughout French Polynesia's far-flung archipelagos. The fastest growth in turnover occurred between 1998 and 1999, an euphoric time when the growth rate of the industry reached an unequalled 23 per cent. But business then slowed down in the year 2000 (only 14.4 per cent growth rate, a total turnover of 21.4 billion French Pacific Francs, over USD 160 million). On a global scale, Tahiti produces about a quarter of the world's black pearls. In 2000, the territory's two producer syndicates (Poe Rava Nui and Tahiti Pearls Producers) organised three auctions and sold overall 460,000 pearls, and a total of 5.8 million black pearls were exported.



## Tahiti industry status

Source: *Perles de Tahiti bi-monthly Newsletter* 7(50) – March 2002

Tahiti's government has created a pearl industry follow-up committee to curb the current drop in Tahitian pearl prices. The committee was announced following the government's recent meeting with local pearl production and pearl dealer groups.

The committee's tasks will be to:

- Clearly distinguish between oyster and pearl producers; each type of producer will have its own regulations.
- Introduce quality control measures for pearls marketed locally.

For the first time since 1990, worldwide exports of loose Tahitian cultured pearls during 2001 were lower in volume than the preceding year. But that was expected ever since Tahiti's government applied a series of measures throughout last year aimed at improving the quality of exported pearls.

The goal of those measures is a lower overall volume but a higher overall quality as rejects and undesirable pearls are eliminated from the market. This will be the first full year that all of these government measures will be in effect.

After several years of record volumes at an average increase of 30 per cent a year, Tahitian pearl production has more than tripled since 1995. Last year's loose pearls weighed 10.5 t, or 900 kg less than the record 11.4 t exported during 2000. That was a drop of eight per cent, which means some 500,000 fewer loose Tahitian pearls reached world markets.

Overall, Tahitian pearl product exports last year totalled 10.7 t, an eight per cent drop from 11.6 t in 2001. That included about the same volume of worked pearls — 130 kg.

### Indonesia: Rising star?

Is Indonesia's South Sea pearl a potential major competitor for Tahiti's pearl?

Exports of Indonesia's pearls skyrocketed between 1997 and 2000, tripling in value from USD 33 million to nearly USD 100 million, according to a study made by Alix based on worldwide pearl export data provided by the French Overseas Trade Center.

### President Flosse calls for production discipline

The annual volume of Tahitian pearl production must end up 15–20 per cent lower in order to refocus on the quality of Tahiti's gems, according to Government President Gaston Flosse, who is also pearl industry minister.

Speaking to the local media during a visit to the Robert Wan Pearl Museum, President Flosse talked about the range of different measures already undertaken or under study. His comments came a few days before the government's creation of a pearl industry follow-up committee.

'I think that a year or two from now we can stabilise prices and (Tahiti's) pearl will have regained the ranking it deserves,' he said. President Flosse said he based his prediction on export controls favouring good quality pearls by making inferior quality pearls disappear along with the concern for such an increased presence in all markets.

As for production, President Flosse called for taking into consideration the views of the smallest producers, whose representatives will also be consulted on the government's follow-up committee. 'Things must be done little by little and not brutally,' he said. 'This committee is an informal committee whose goal is to collect the opinions of pearl industry professionals, pearl oysters producers, pearl producers, pearl dealers — all those who know this sector very well.'

And he added that a professional accreditation card for pearl producers and pearl oyster producers would help to regulate production just as it has done for pearl dealers. 'We know that some of the maritime concessions are not exploited and that, on the other hand, the vast majority of them exceed the areas granted,' President Flosse continued. And there are critics who raise the question, he said, of how quality pearls can be produced when pearl farming densities exceed standards. 'We must limit ourselves to a specific volume of oysters per square meter in order to improve pearl quality and also to avoid oyster illnesses and polluting the lagoons.'

That solidified Indonesia's ranking as the world's N° 3 loose, cultured pearl exporting country in 2000, the latest year of available statistics. Those exports gave Indonesia nearly 21 per cent of the world market, up from 18 per cent in 1999. More importantly, Indonesia's growth is coming at the expense of other exporting countries, particularly Tahiti.

### Hong Kong: New star

Some 94 per cent of all Tahiti's worldwide exports of loose, cultured pearls go to five countries, with Japan and Hong Kong accounting for 85 per cent of those exports.

But Hong Kong is clearly the new star among Tahitian pearl export destinations. This Chinese business capital increased its market share of Tahitian pearl exports by 46 per cent last year, while Japan's share dropped 16 per cent.

There is no big secret to Hong Kong's success. It simply has become the major re-exporting market for Tahitian pearls. Its major clients are in the USA, but Hong Kong also re-exports to Japan, Germany, the United Kingdom, Switzerland, Italy and France.



## Penrhyn oyster killer not a disease, say scientists

Source: *Cook Islands News* – 19 December 2001

Fears that the pearl harvest in Penrhyn could be obliterated by a mystery disease have receded. The Ministry of Marine Resources has investigated what was killing the oysters in the lagoon and now believes it was a natural phenomenon rather than a virus.

Aquaculture expert Ian Bertram arrived back from Penrhyn yesterday (Tuesday) to report on the mystery plague that has been affecting pearl farmers on the atoll. He had been flown to the lagoon on Saturday to find out what was causing the deaths of hundreds of oysters and pipi.

The department acted after reports that many of the molluscs on the islands were being killed by an unknown bug that left the shells gaping and the nacre bleached. But after visiting many of the farms at the lagoon Bertram told Navy Epati that the symptoms do not resemble those of a disease.'

The Secretary of Marine Resources said that a recent mass spawning of shellfish, an algal bloom and murky conditions in the lagoon could all have

contributed to a 'bizarre combination' of circumstances that had caused the deaths. 'It doesn't really look as bad as we first thought,' said Epati. 'We said it was serious because we didn't know what it was that was killing them. We have a better idea now. Our initial assessment is that it doesn't look anything like a virus or a disease — and that is very, very good news. It looks more like a natural phenomenon that we will now attempt to identify.'

He added that shells no longer appeared to be dying and that conditions in the lagoon had changed over the weekend. 'Some of the shells that were affected even appear to be recovering,' he added.

Epati said that the scare could lead to beacons being installed in the sea at Penrhyn and other pearl producing lagoons. 'I think we could have maybe avoided this if we had been able to monitor the situation in the lagoon.' He said that the beacons could forewarn farmers and the government of any changes in sea conditions and help prevent panics like this one.



## Disease outbreak costs Manihiki pearl farms millions

Source: *Radio Australia* – 27 February 2001

The disease outbreak that caused the deaths of young oysters at the Manihiki pearl farms in the outer Cook Islands in 2000 is expected to cost the industry USD 34 million dollars in lost revenue over the next five years.

Ben Ponia, an aquaculture specialist with the Secretariat of the Pacific Community in Noumea, said it will take five years before the industry

recovers to normal production levels. He proposed a grid system last year for Manihiki lagoon to allow better regulation and monitoring of pearl farms.

Under this system, growers would be able to farm as many as four million pearls, which is far more than the current level.



## Cook Islands asked to ban Tahitian black pearl imports

Source: Radio Australia – 17 July 2001

The Cook Islands government has been asked to ban the importation of Tahitian black pearls. The Manihiki Island Council says the government should ban the pearls or impose duty of 100 per cent. The council says it is concerned that over the past 12 months the average price for black pearls on the international market has declined by up to 40 per cent. It blames the drop on an increase in production by French Polynesian farmers.

Local retailers and wholesalers in Rarotonga are buying cheap pearls in Tahiti and selling them to tourists in Rarotonga. Deputy Prime Minister Norman George supports the council's view. He says that too many expatriate business people in the Cook Islands have no interest in the long-term survival of the country.



## Cook Islands to train local pearl technicians

Source: Radio Australia – 17 September 2001

After years of paying foreign pearl technicians exorbitant fees for their expertise in seeding shells, Cook Islanders recently announced plans to use Chinese pearl experts to train local farmers, according to a story published in the *Cook Islands News*.

Foreign technicians currently charge as much as 50 per cent of all shells seeded, making it hard for local farmers to develop their farms and repay

their bank loans, according to the article. The training initiative, which is being spearheaded by the Development Investment Board (DIB), seeks to identify experts — through the Chinese Embassy in Wellington, New Zealand, and the South Pacific Trade Commission in Auckland, New Zealand — who can travel to Manihiki and Penrhyn, the two low-lying atolls where cultured pearl production takes place.



## Promising advances for Marshall Islands pearl industry

Source: Radio Australia – 17 October 2001

A private pearl operation in the Marshall Islands says 2001 pearl harvest showed a hint of economic potential for the Marshall Islands. Robert Reimers Enterprises says the harvest for 2001 was estimated to be worth about USD 50,000, compared with the multi-million dollar industries in Tahiti (USD 200 million a year) and the Cook Islands (USD 40 million). But the company said the government's

inability to focus resources on pearl farming was hindering development of what could become the main industry for the Marshall Islands. The company said there is such a worldwide demand for pearls that there could be half a dozen farms operating in the Marshall Islands and there would still be plenty of business for everyone.



## Black pearl seeding secrets being shared in Marshall Islands

Source: *The Marshall Islands Journal* – 22 March 2002

To produce pearls in commercially viable numbers, oysters must be 'seeded' manually by specially trained 'seeding technicians'. This essential component of the pearl oyster industry is, for the most part, a closely held trade secret by a small number of seeding technicians who ply their trade worldwide.

The local Black Pearls of Micronesia (BPOM) pearl farm on Bikirin in Majuro, however, has discovered one foreign technician who not only isn't paranoid about islanders looking over her shoulder while she seeds oysters, she's actively training a crew of Marshallese employees to do the job themselves.

After working with four different, but equally secretive, seeding technicians over the past several years, BPOM was delighted with the arrival of Berni Aquilina, a New Zealand-based pearl technician.

Aquilina has wrapped up three weeks at the Bikirin farm where she seeded thousands of pearl oysters and ran a comprehensive training programme for the entire crew of ten workers (four of whom work at BPOM's Arno farm), with a focus on developing the seeding skills of three senior workers.

Farm manager Virgil Alfred said that the change in work attitude among the ten Marshallese employees has been noticeable as a result of the growth of their knowledge of pearl oyster growing since Aquilina started the training.

Why is Aquilina breaking with the tradition of secrecy surrounding her trade? She said that when she started learning pearl seeding skills, she experienced difficulty in gaining training from those skilled in the trade. As a consequence, she said she appreciates the difficulty that people in small islands have in gaining access to these skills and wants to help pass them along. In addition, by passing along skills to people locally, they can then participate more fully in their own businesses and economic development, she indicated.

## Sowing the seeds of knowledge

Source: *The Marshall Islands Journal* – 22 March 2002

Black Pearls of Micronesia pearl farm is receiving support for training Marshallese pearl farm staff in pearl seeding skills from two U.S. federally-funded programmes.

Both the Saltonstall-Kennedy programme of the U.S. National Marine Fisheries Service (NMFS), and the Workforce Investment Act (WIA) are providing support for the training of Marshallese

To appreciate her contribution at the Bikirin farm in just three weeks, one has to understand how other seeding technicians cloak their work in secrecy. 'One worked behind a curtain and wouldn't allow anyone near him when he was seeding the oysters,' said Bobby Muller. Another turned a high-backed worktable around so that the six-foot-high back blocked any curious local workers from seeing what he was doing.

With Aquilina on the island, it was the first time that the worktables were turned so that the Marshallese workers could see her work — and begin learning how to do the seeding themselves.

Aquilina said that it's not a skill that's learned overnight. BPOM has already made plans to bring her back later this year to conduct another seeding and continue training the local staff. In addition to working here, she's also working with two pearl growing farms in the Cook Islands, providing similar seeding services and training.

Is she worried that by passing on her skills, she'll put herself out of a job? On the contrary Aquilina believes there's plenty of work for pearl seeding technicians in the region, and that because of the difficulty in developing a proficiency level, there's plenty of work for the foreseeable future.



pearl farm workers. The training programme involves all aspects of farm operations, from setting lines, caring for oysters, seeding both round and half pearls, and harvesting.

The NMFS-supported project will continue into 2003, with another formal seeding training later this year.



## Developing a pearl oyster industry in Micronesia.

Excerpted from an article by Robert Jackson in: *Micronesia Land Grant Update*, March 2002

Development of economically viable industries in Micronesia to support the fledgling economy is at the top of development priorities. A research and extension project on developing a pearl aquaculture industry and developing local expertise in Micronesia has been initiated. A pearl hatchery expert from Australia has been hired and a hatchery was built at Nett Point, Pohnpei for training local

people who will eventually gain the knowledge and skills necessary in establishing, managing and maintaining their own farms. There is an insufficient number of juvenile pearl oysters (spat) in the waters around Micronesia. The project will provide an alternative method of providing a constant and high quality supply of spat, and will immediately begin the transfer of technical know-how from the

pearl expert to the local people. In the future the hatchery project will be managed by COM-FSM and it will be extended to the rest of Micronesia.

### ***Nukuoro plans local sale of first pearl harvest***

The Nukuoro Municipal Pearl Farm is planning a sale of its first pearl harvest on the island of Pohnpei in May 2002. The initial harvest of 900 pearls has been graded and will be sold 'loose' at a

locally organised sale over a two-day period. Remaining pearls will be sent to a jeweller in Malaysia for setting into pendants, earrings and bracelets in time for sale at the upcoming Micronesian games in July of this year.

The Nukuoro farm is also preparing for a visit by a seeding technician in June 2002 to harvest 4400 seeded oysters and to seed up to 10,000 new oysters.



## **PATS demonstrates successful pearl oyster hatchery technology**

Source: *Island Aquaculture Newsletter* from College of Micronesia Land Grant and CTSA – Spring 2002 issue

In a separate but related project to the Land Grant project described on this page, the Ponape Agriculture and Trade School (PATS) embarked on a pearl oyster hatchery and farming demonstration project in August 2001 for students and rural communities in Pohnpei.

From August 2001 to February 2002, a small hatchery and algae room was installed at PATS. Pearl oysters were successfully spawned in February and the school now has approximately 60,000, 4–5 mm spat in their rearing system. Spat will soon be transferred to a submerged farm in Pohnpei lagoon.



## **CTSA requests funds to support hatcheries in RMI**

Source: *Island Aquaculture Newsletter* from College of Micronesia Land Grant and CTSA – Spring 2002 issue

In an effort to overcome the shortage of spat on RMI farms, the Center for Tropical and Subtropical Aquaculture (CTSA) has submitted a request to USDA to re-budget funds designated for snail predation mitigation research into hatchery opera-

tions. Spat supply for Marshallese farms ran dry in March 2001 with the closure of the RMI's only hatchery, operated by BPOM. Without a renewed supply of spat, the pearl industry in RMI faces possible collapse.



## **Growth in West Australian black pearl industry**

Source: Michael Zekulich in the *West Australian* – 2 October 1999

The issuing of 10 new black pearl farming licenses will bring the state's total to 28, prompting the State Government to forecast a AUD 10–20 million industry within a year and, in the Shark Bay area alone, a forecast of AUD 200 million within

10 years. Peter Morgan, one of the first black pearl farmers in Shark Bay, believes Western Australia could rival the South Pacific pearl industry in the near future.



## **WA black pearl industry**

Source: Michael Zekulich in *The Age* – 23 June 2000

Western Australia cultured pearl farmer, Peter Morgan, believes the black pearl industry in WA could be worth AUD 200 million a year within a few years. Principal of Blue Lagoon Pearls, Mr Morgan, said it has taken over seven years and AUD 2 million to produce the first fully-grown black pearls in the region. Most black pearls are

produced in Tahiti and then sold internationally. Top-quality black pearls can fetch more than AUD 5000 on the international market, more than three times the price of the biggest cultured albino pearls. Mr Morgan hopes to produce 60,000 pearls a year by 2003.

