



## Scanning the pearl world

**Source:** Pearl World, The International Pearling Journal (April/May/June 2006)

Pearl production is up, and so is demand. Paspaley auctions reportedly enjoyed its best sales in five years this past year in Hong Kong, selling over 150,000 pearls — including all the baroques, indicating a major new trend — with a value of more than US\$ 13 million.

But demand, though rising, isn't keeping pace with skyrocketing production. Unsold pearls numbered close to 33,000, leaving growers with a great deal of old inventory to sell at the next auction, even as pearl production continues to rise, driving down prices.

Quality is also rising. According to producers, this is the result of an improving growing environment, especially for South Sea farms in Indonesia, the Philippines and Australia.

In fact, studies in the Philippines show marine diversity increasing 21% in pearl-farm sites compared with unprotected areas. The result is higher-quality pearls and better regeneration of the *Pinctada maxima*.

For reasons that aren't entirely clear, production numbers for South Seas and Tahitians are expected to decrease over the next year or so as a result of fewer oysters being available for grafting.

Martin Coeroli, General Manager of GIE Perles de Tahiti, says that may push prices up 10–20%, but that outcome is likely only for high-lustre, clean, true-peacock-colour 8 mm and 9 mm rounds.

Robert Wan's Tahiti Perles, the largest grower in the French Polynesian islands, sold over 190,000 pearls at its Tahitian pearls auction in Hong Kong

last spring. To improve, or at least stabilise, profits without increasing supplies, Wan has chosen to price his goods using the more stable Euro instead of the US dollar. This has raised prices in the United States.

### Expect the best

One indication of the overall high quality of cultured pearls is that more are labelled "metallic lustre" than ever before.

Another sign is that sizes are big and getting bigger. Akoyas are at 9+ mm, and South Sea keshis are at a whopping 15–16+ mm. The wide variety of shapes and natural colours allows retail jewelers to carry hundreds of different items using only one gem material.

### Demand by origin

Australian whites are as popular as they've ever been. According to figures published in Pearl World newsletter, whites from the *Pinctada maxima* are expected to peak at over 9 tons in 2006. By weight, this represents an increase of 260% over production six years ago.

A decade ago, the big round and baroque whites accounted for only 20% of the market. Today, at 50% of total pearl production, they dominate the market. This means that prices for retailers have either become more affordable, as with the large baroques, or have increased relatively painlessly.

Indonesian and Philippine golds are popular, but the recent revelation that golds can be dyed, even

without drilling, has led to more laboratory identifications, adding to costs.

Tahiti deserves credit for its quality-control process, which has helped keep cheap, low-quality pearls out of the market.

While nacre thickness is somewhat disappointing from a purist's point of view, nacre of slightly greater than 0.5 mm is acceptable. To qualify as a Tahitian, a pearl's nacre must be 0.8 mm or thicker, which is more than enough for a bed-nucleated pearl. The Japanese Akoya, after all, with 0.5 mm nacre thickness, was praised for over a century. Chinese rounds and near rounds are plentiful.

## Golay's global view

**Source:** Pearl World, The International Pearling Journal (January/February/March 2006)

### 21<sup>st</sup> century pearl renaissance

Pearls have registered a significant revival in recent years. Consumers today are rediscovering the contemporary charm of this aquatic gem. Perceived for generations as classically elegant around the neck of ladies of good families, pearls have taken on a very different allure in the 21<sup>st</sup> century.

We have always known pearls to be white, round and discreet, but nowadays pearls can be ostentatiously big, in a rich palette of intriguing nuances, taking the form of various fanciful, organic shapes. Celebrities and models on catwalks are lavishly draped with stacks of long sautoirs, heralding a new era of pearl renaissance.

The significant growth in demand for pearl jewellery from 1995 to 2005 can be attributed to four major factors:

1. Full-fledged pearl farming industries in different Pacific regions benefit from accumulated experience and technological breakthroughs, leading to pearl harvests of improved quality and quantity.
2. A profusion of creative pearl jewellery designs in an extensive price range fulfils the demand for *haute joaillerie*, medium to high-end fine jewellery and affordable fashion accessories; and targets all market segments including fine jewellery for mature women, fashion accessories for fashion-conscious clientele and the niche of men's accessories.

### Japanese/Chinese Akoyas

Note that the phrase "Japanese Akoyas" is no longer used, since most strands combine Chinese and Japanese Akoyas. The consensus is that it doesn't matter where they're from as long as the quality is high.

But don't be fooled by tags that say "Made in Japan". The strand is made in Japan, but the pearls on it may be Chinese.

3. A fast-growing pearl jewellery retail network comprises independent jewellers, chain stores, department stores, catalogue houses, fashion boutiques and Internet companies.
4. High-profile promotions have been conducted by pearl organisations and companies on a local, national and international scale to reposition pearls as having contemporary chic.

The acquisition rate of pearl jewellery has subsequently increased from the standard 2 to 5 per cent in the past to about 10 per cent, i.e. for every 100 pieces of jewellery sold, about 10 items include pearls as the principal gems. Pearls have become the third major jewellery category after diamond jewellery and plain gold jewellery.

In mature markets where consumers possess a good knowledge and awareness of pearls, such as Japan where the technique of pearl culture originated 100 years ago, the pearl jewellery segment accounts for up to 17 per cent of total jewellery sales. It is estimated that about US\$ 1,200 million are spent on pearl jewellery in Japan per year.

Since 1999, the United States has overtaken Japan to become the largest pearl jewellery market, with estimated sales of US\$ 1,500 million of pearl jewellery per year.

In fast-growing economies in Southeast Asia, China, Russia and the Middle East, the year-on-year growth rate for pearl jewellery outperforms the rate in the established markets of Japan and Europe.

### Estimated value of pearl production 2004

	Market share in value	Production value 2004
White South Sea cultured pearls (Australia, Indonesia, the Philippines, Myanmar)	35%	US\$ 220 million
Freshwater cultured pearls (China)	24%	US\$ 150 million
Akoya cultured pearls (Japan, China)	22%	US\$ 135 million
Tahitian cultured pearls (French Polynesia)	19%	US\$ 120 million
Total		US\$ 625 million

Globally, the pearl jewellery market is estimated at US\$ 5,000 million, about 10 per cent of the world's total jewellery market.

### Evolution of the pearl jewellery market

Jewellery consumption patterns have shifted in recent years with changing lifestyles and consumer purchasing modes. Self-purchases by women and the rising need for jewellery that can be worn in the day to match outfits and moods have reshaped the jewellery landscape. With a wide spectrum of versatile designs and a highly elastic price range, pearls fit well into the new aspirations of modern consumers.

Between the 1920s and 1970s, most cultured pearls found on the market were Japanese Akoya pearls (white, round, majority 4–8 mm in diameter). Most were sold as classic necklaces for US\$ 1,000 to US\$ 10,000 per strand targeting the medium to high-end jewellery market segments for a clientele for classic jewellery.

Thirty years later, the mature South Sea pearl industry has brought out large-size South Sea pearls (mostly 9–15 mm), spurring the demand of the top-end prestige clientele for exclusive necklaces over US\$ 10,000. Tahitian pearls in large sizes (8–14 mm) and exquisite dark colours are also creating demand for flamboyant, non-conformist pearl jewellery.

On the other hand, a significant quantity of nice-quality freshwater pearls from China at affordable prices is rendering pearls accessible to the mass market in both developed and developing countries. Designers are readily exploiting these affordable gems and creating fanciful accessories, extending the appeal of pearls to the fashion world.

Consumers looking for prestige and status are likely to go for large, higher-valued South Sea pearl jewels. Those with classic taste are more likely to prefer an elegant Akoya pearl necklace of discrete beauty. More audacious and less conventional jewellery lovers may desire the exotic Tahitian pearls. For those who want fashionable accessories to match their seasonal chic, freshwater jewels are the ideal purchase.

In the 21<sup>st</sup> century, we live in an age when the largest and most beautiful pearls ever produced anytime in history are available and we can enjoy the widest choice of cultured pearls ever offered.

## Risen from the ashes

### A new pearl group attempt: But will it succeed?

**Source:** Pearl World, The International Pearling Journal (January/February/March 2006)

A new umbrella association for the global pearl industry, the International Pearl Organisation (IPO), held its inaugural meeting in September in Hong Kong, calling for genuine, wholehearted support from the worldwide cultured pearl trade for its establishment. About 20 representatives from 14 pearl producing and consuming countries and regions attended this first convocation.

In general, participants supported the formation of the IPO, but were concerned about funding and support from major pearl producers, in particular Paspaley Pearling Co. Pty. Ltd, Australia, which had no representative at the meeting.

Initiated by the President of the CIBJO and also General Manager of GIE Perles de Tahiti, Martin Coeroli, the IPO was seen as a revival of the International Pearl Association, which was formed in 1994 with a view to addressing various topics regarding the pearl sector, from production and trading to promotion and a code of ethics.

People may remember that the IPA, which started up with such enthusiasm, was boycotted by the Japanese and ultimately fell apart due to internal bickering and mismanagement.

Sometime later, Mr Tasaki started a similar group called the WPO (World Pearl Organisation), but this, too, withered and died on the vine.

After both of these failures, sceptics said that there would never be a successful pearl cartel due to conflicting egos and a lack of cooperation between most producing regions and among the major personalities in the producer ranks (who would have to be tapped for the financial resources needed to support coordinated activities).

It is hoped that Mr Coeroli can overcome these historic shortcomings, especially as he is in a perceived neutral leadership position within the industry as a CIBJO executive, and is someone who has been acclaimed as an international pearl marketing expert.

Mr Coeroli said that given Hong Kong's status as the trading centre for all pearl categories, he expected the IPO to be based in Hong Kong and that it would be formed by September 2006.

He explained at the meeting why establishing this organisation was essential: "The strong internal and external competition that our pearl sector is

facing, on both production and sales and distribution levels, and the fragmentation of our industry, require more than ever a global body to defend and promote its interests on a worldwide level. IPO is the authoritative body that regroups the main actors and organisations of the pearl industry and that defends and promotes their interests at an international level. As a modern, customer-focused organisation, it also provides key services and support to all of its members and stakeholders".

He stated that the mission was to create a unique platform for the pearl industry; raise awareness of the power of the unique beauty and natural characteristics of pearls; develop knowledge of, and create excitement about pearls among consumers worldwide; and, ultimately, contribute significantly to the growth of the entire pearl industry and its members.

A tentative budget for the first year of operation amounting to US\$ 2.55 million was also proposed at the meeting.

Tahiti Perles in French Polynesia and Jewelmex International Corporation in the Philippines were the only major producers attending the meeting, which was held alongside the September Hong Kong Jewellery and Watch Fair.

There were no representatives from Paspaley Pearling Co. Pty. Ltd., the largest pearl producer in Australia, nor from Indonesia or China, important producers of South Sea pearls and freshwater pearls, respectively.

Mr Coeroli said he would maintain efforts in communicating with the Indonesian Pearl Culture Association or ASBUMI and with Robert Sukendy, the largest SSP producer in Indonesia. He said he would also contact the Hong Kong Pearl Association and the Professional Association of Pearls, Zhejiang, to gain support for the organisation from the Chinese freshwater pearl sector.

At the meeting, a steering committee with representatives from different countries was formed to work out the structure and funding of IPO. The members of this committee are Andy Muller of Auctore Japan KK; Vidhan Chaudhari of Orient Pearl Co. Pty. Ltd; Yoshihiro Shimizu of Hosei Co. Ltd; Sonny Sethi of Tara and Sons Inc.; David Norman of Aquarian Pearls Pty. Ltd, and Till Schoeffel of Schoeffel GmbH.

## Akoya pearl aquaculture development in Hervey Bay

Ross Lobegeiger

**Source:** Queensland Aquaculture News, Issue 28, July 2006

Coral Sea Pearls has established an Akoya oyster (*Pinctada imbricata*) growout operation at Hervey Bay to produce high quality Akoya pearls. This oyster occurs naturally in Queensland. The oysters farmed by Coral Sea Pearls have been the progeny of these local native oysters.

There is a strong demand for Akoya pearls. They are smaller in size (6–10 mm in diameter) than the white South Sea pearls. Their shape is considered perfect. The high quality of the pearls is due to the excellent water quality and unique combination of marine and estuarine waters in the middle part of the Great Sandy Straits, and the water temperature range, which is optimal for producing high quality pearls from Akoya oysters.

### History

The pearl oyster is native to Australian coastal waters. It was first identified more than 100 years ago and is found from Victoria all the way around the northern coastline of the continent to Shark Bay in Western Australia. In the early 1990s, before farming began, the Australian Museum noted the location of several native populations of Akoya pearl oyster in Hervey Bay.

A trial pearl oyster lease has operated in Port Stephens, NSW, since 1999. The trial and other tests indicated that Port Stephens was the best place in eastern Australia to grow high quality Akoya pearls, but Queensland has now proved to be even better.

Coral Sea Pearls has used the experience and expertise from Port Stephens Pearls to develop an Akoya pearl industry in Queensland. The clean waters and good tidal circulation in Queensland provide just the right conditions to produce big, beautiful, lustrous pearls.

### Farm site

Hervey Bay has a long tradition of aquaculture and there are experienced local oyster growers who can contribute their skills to the new industry. Many of the service industries required to support the development of a pearl oyster industry are also in

Hervey Bay. It is believed that pearl growing and pearl sales will complement the well-established tourist industry in the Bay.

Akoya pearl oysters are growing on four leases inside Hervey Bay. Pearl oyster will be grown in panel nets at these locations, which provide optimal conditions for pearl production. The land-based site that will be utilised for the pearl operation is located at Urangan boat harbour.

### Environmental considerations

Coral Sea Pearls is aware of how highly the community values the presence of resident and visiting marine wildlife, such as whales, dolphins, turtles and dugong, in Hervey Bay. These animals are an important natural asset for the community and highlight the healthy water quality in the estuary.

Coral Sea Pearls has designed the pearl leases to minimise any potential threat to these species. By following strict company Environmental Codes of Practice on these leases in Hervey Bay, the risk of any entanglement of migrating whales is eliminated. Oyster bags and panels will be secured by taut ropes to minimise the potential for entanglement of any resident fish, dolphins, turtles and dugong.

A detailed, ongoing fauna-monitoring programme is being undertaken for the Department of Environment and Heritage (DEH). Coral Sea Pearls has the only approvals in place given by DEH within Queensland for any aquaculture operation.