

**ADDRESS BY THE HON D. GOKHOL,
MINISTER OF INDUSTRY, SCIENCE AND
RESEARCH**

ON THE OCCASION

OF

**THE INAUGURATION CEREMONY OF
THE GEMMOLOGY LABORATORY**

AT THE ASSAY OFFICE

ON

THURSDAY 05 MARCH 2009

AT 14.00 HRS

Mr. S. Ragen, Permanent Secretary of the Ministry of Industry, Science and Research

Mrs. S. Sokhal, Chairperson, Jewellery Advisory Council

Mr.A. Somanah, Director, Assay Office

Jewellers,

Distinguished guests

Ladies and Gentlemen

Good afternoon to you all.

It gives me immense pleasure to be in your midst today at the inauguration ceremony of the Gemmology Laboratory of the Assay Office.

Milestone

As you are aware the Assay Office is fully equipped to test gold jewellery. Gems and diamonds are also important inputs in the production of jewellery. It was imperative to set up a specialised lab for the testing and verification of gems and diamonds. The setting of this laboratory, therefore, is a milestone in the development of the Assay Office as it enables it to expand the range of services offered to the Jewellery Sector. I would like to commend the Assay Office for taking a number of actions leading to the setting up the laboratory.

The Jewellery sector

As you are aware jewellery and processed diamonds is the third most important product-group in our export basket, after textile & clothing and fish & fish products. The jewellery and diamond sector comprises around 416 domestic manufacturing establishments and 41 export oriented enterprises. Employment in the sector is estimated at 4,300 and exports stood at Rs. 2.2 billion last year.

The sector is not immune from global business slow down but I am convinced that the jewellery sector has the potential to become an important sector of the economy. For this to happen, we need to blend indigenous knowledge with new technologies. There is no reason why we cannot succeed if you operators, on the one side, and Government comprising Ministries and support institutions, on the other, get our acts together. We can build on our aptitude, dexterity and skills to develop a vibrant sector, and increase our sales to the tourists visiting our country.

The New Jewellery Act

As you are all aware, government came up with an important legislation in June 2007, namely the Jewellery Act, to create the necessary climate and environment to enable the jewellery sector to keep pace with world trends and changes. This Act also aims to consolidate trust and confidence in the jewellery sector. The Act makes provisions for the regulation and control of manufacture, importation, display and sale of jewellery made of gold, silver and platinum alloys, and the verification and grading of precious and semi-precious stones.

Notwithstanding factors beyond our control, Government is determined to sustain the development of the sector.

A survey has been recently conducted to assess its needs and an action plan has been prepared to assist the sector to confront the challenges. I have personally chaired a meeting with key players of the sector and other stakeholders to look into ways and means to address their problems. Following that meeting, a number of measures have been formulated to support both local and export oriented jewellers, namely:

(a) Re-organising the School of Jewellery

For the School of Jewellery of the IVTB to effectively respond to the needs of the sector, the following actions are being initiated to:

- (i) Hiring of an expatriate as Project Manager;
- (ii) Training of trainers;
- (iii) Twinning arrangement with a reputed Jewellery School;
- (iv) Carrying out short high-level training courses for jewellers;
and
- (v) Setting up a monitoring mechanism and adjust training courses at regular intervals.

(b) Organising Local Jewellery Fairs

Enterprise Mauritius is looking into the organisation of jewellery fair to improve the visibility of the sector and the jewellery produced in Mauritius.

(c) **Setting up of a Jewellery Village**

The sector also needs modern sales infrastructure to sell both to the tourists and to local consumers. My Ministry and the Jewellery Federation is exploring the possibility of setting up a Jewellery Village, which will regroup a number of jewellers at one location. My Ministry will facilitate the process leading to the establishment of this village.

(d) **In-Plant Intervention**

Enterprise Mauritius will assist jewellery units through in-plant intervention to upgrade their production and export capability.

Government stands ready to provide support for worthwhile industry-driven initiatives. The budget 2008/2009 has established the Manufacturing Adjustment and SME development fund with an amount of Rs 500 Million to sustain the development of the manufacturing sector. This fund would finance projects aiming at developing the technical and the sales capability of our enterprises. The jewellery sector can also benefit from this fund. Two projects relating to training in stone setting and diamond grading have already been approved. I strongly invite the Jewellery Advisory Council, Federation of Jewellers and other jewellers to put their minds together and to come up with concrete proposals for funding. The Ministry and support institutions namely Enterprise Mauritius and SEHDA will assist you in formulating your proposals.

My Ministry will soon carry out another survey among the tourists to study their behaviour towards the purchasing of jewellery. This will enable the sector to review their strategy in terms of design and marketing so that the latter can successfully tap the tourists market.

GEMSTONES

Jewellery usually consists of precious metals and gemstones. Our main focus today is gemstones. They are the most beautiful wonders of nature and have always fascinated mankind. They have been cherished in various ways namely as a stone of value, as a symbol of love, affection, status and as a precious gift to the loved ones.

With recent development in technology, scientists have succeeded in creating synthetic gemstones (known as laboratory grown gemstones) and also in enhancing the colour of gemstones. These scientific developments in the field of synthesis and treatment have created a whirlpool in the gemstone industry and business as the synthetic gemstones have essentially the same appearance, optical and physical properties as the natural stones they represent. With these developments, it is becoming increasingly difficult for jewellers and consumers to distinguish between natural and synthetic stones.

This has serious implications on consumer confidence in gemstone-studded jewellery.

NEED FOR LABORATORY

Only verification carried out in a gemmology laboratory by gemmologists with the help of high-tech equipment can differentiate between natural gemstone and synthetic or treated gemstones. With this in mind, the Jewellery Act 2007 makes provision for the verification and grading of precious and semi-precious stones. To this effect, the Assay Office has set up a Gemmology Laboratory, which will now be operational. For the project to materialise, my Ministry has developed strategic partnership

with the Gemmological Institute of India and Gemmological Institute of Madagascar.

With the setting up of this gemmology laboratory, it will be possible to provide the jewellery sector and the public with an independent objective opinion regarding the authenticity and quality of the precious and semi-precious stones, thus ensuring public trust.

GEMMOLOGY LABORATORY

The laboratory is staffed by two gemmologists who have been trained at the Gemmological Institute of India. It is equipped with both conventional gem testing instruments as well as high-tech instruments. This has necessitated an investment of Rs 4 Million. The testing will be done according to international norms.

In the first instance, the laboratory will be offering services pertaining to the verification and certification of gemstones and diamonds. At a later stage, the facilities of the laboratory will be upgraded with view to offer grading of diamonds. Thereafter, the Gemmology Laboratory will seek recognition by the World Jewellery Confederation, the apex trade organisation of Gem Trade and Jewellery in the world.

The laboratory will offer its services to the jewellery traders and will also be open to the general public. The fees for verification and identification are nominal to enable the jewellers and the public to take full advantage of its services.

TRUST

In any business, it is said that you must have mindshare before you can have market-share. It is therefore vital to develop trust in the product among consumers. Major players in the food sector, luxury and even technology industries can suffer loss of consumer trust because of miscommunication of information, low quality or shoddy business practices. The jewellery sector itself is no stranger to loss of consumer trust.

Today consumers have expectations they demand more tangible assurances about the integrity of the products they are buying. It is imperative that traders are able to reassure them by upholding the highest standards. They have the responsibility to implement appropriate check and balance to comply with standards.

Trust is particularly important in jewellery purchasing as jewellery are high-value items with strong emotional appeal for customers. Customers rightly expect the standard of quality, information and communication to be as exceptional as the product they are buying. Maintaining consumer trust will significantly increase the general health of the jewellery sector. Investing in measures to build trust should be seen as a business opportunity.

I am confident that the Gemmology Laboratory will safeguard the credibility of the jewellery sector, which in turn will help growth of exports and sales of jewellery to the public and tourists.

I understand that the Assay Office has already started to sensitise the jewellers regarding the service of the laboratory and its benefits. A brochure has been published and will soon be distributed to jewellers and the public. The Mauritius Duty Free Paradise Co. Ltd has already expressed its intention to sell gemstones studded jewellery accompanied by a certificate issued by the Gemmology Laboratory. I am sure other in the business will follow suit.

COMMITMENT

As a responsible government, with the best interests of business at heart, we will continue our effort to ensure the permanence of the element of trust within this sector. In fact, we cannot allow this trust to be violated. To this effect, a number of important initiatives are already in place to uphold standards and safeguard the credibility of the jewellery sector.

- Firstly, as a signatory of the Kimberley Process, since January 2003, a Kimberley Process Certificate accompanies all imported rough diamonds. This conveys an extremely positive message that the industry is committed to a zero tolerance policy towards conflict diamonds.
- Secondly, the setting up of an Assay Office to regulate the manufacture, import and sale of gold, silver and platinum jewellery
- Thirdly, the setting up of a gemmology laboratory to verify and grade gemstones.

Ladies and Gentlemen

With these words, I take this opportunity to thank all those who in various ways have contributed to the achievement of this project. I wish the management and staff of the Assay Office success in this new project and in its endeavours.

Thank you.