

MADAGASCAR MESS

A complete ban on all gemstone exportation from Madagascar is causing supply problems for dealers and has taken away the livelihood of many of the island nation's citizens.

BY DIANA JARRETT

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hen a supply pipeline suddenly brakes on a popular gemstone, repercussions are felt in every sector of the trade. The 2008 Burmese ruby ban — the

Junta's Anti-Democratic Efforts (JADE) Act — signed into law by President George Bush on July 30, for example, had corundum dealers scrambling to move their Burmese inventory prior to the September 28 enforcement of the embargo, and to locate alternate supplies of high-quality ruby for their customers.

But, while attention focused on potential collateral damage from the Burmese ruby ban, another story was unfolding on the island nation of Madagascar off the coast of Africa. There, the government was instituting a total export embargo on not one, but all, precious gemstone rough.

Once called Île de Béryls, or Island of Beryl, by early French explorers, Madagascar is rich in ruby, sapphire and just about every color of fancy sapphire as well. Beryl, which includes aquamarine, emerald and heliodor, is harvested in abundance. This geological wonderland also yields various quartz varieties, including tourmaline, alexandrite, labradorite and garnet. At one time, as much as 60 percent of the world's sapphire came from Madagascar.



NATIONAL TREASURE

At the epicenter of the current crisis lies a gigantic, 1,179-pound rough emerald specimen, mined in Madagascar in July 2007 and exported from the country the same year. Apparently, the size of this rough is an industry record, achieved because it survived intact from the dynamite extraction process that usually breaks the matrix into small pieces.

Now, the Malagasy government has declared it to be a “priceless” national treasure and wants it back. Government

This page: Miners sieved through alluvial deposits in riverbeds searching for colored gemstones before the embargo made their work unprofitable.

Courtesy Jim Fiebig. Opposite page: Before the embargo in Madagascar, streets like this in Ilakaka were bustling with local dealers set up to buy from Malagasy miners and sell to foreigners in the trade. Courtesy Charles Carmona.

officials went to court in the neighboring French island of La Réunion in an attempt to recover the rough from its owners, a French company named Orgaco. That court ruled in June 2008 that the specimen was exported legally.

Reacting to “the big one that got away,” the Malagasy government announced it was rethinking all of its rough gem exports and considering how to boost its profits from the country’s gem supply. It then quickly instituted the ban, which took effect on February 28, 2008, suspending all mineral exports from Madagascar.

BRINGING BENEFICIATION

The island of Madagascar has a long, troubled history of gem smuggling, during which time little benefit from the island’s rich resources ever reached the country’s impoverished residents, its miners or the government. But that began to change around 2003 when export laws were rewritten to facilitate legal export, a 2 percent rough export tax was imposed and the Institute of Gemology of Madagascar (IGM) was established to begin training workers for a local gemstone-cutting industry.

Part of the official rationale behind the current export halt is the government’s insistence that the nation is losing tremendous revenue on the gemstone rough, whose value rises exponentially once it goes to cutters in China or Thailand. But, informed insiders point out, there are nowhere near sufficient cutters to polish the rough within Madagascar at this juncture, despite the efforts of the IGM. While the institute has trained approximately 400 cutters inside Madagascar, that is a negligible percentage of the number of cutters needed to process the volume of goods that leave the country annually.

Since the blanket ban was imposed, colored stone buyers who were well established in the country have left. Asian cutters, who previously handled massive volumes of domestic-produced rough, have no product to work with. In addition, the ban has left an estimated 1.5 million Malagasy — approximately 9 percent of the country’s population — without income from the artisanal mining industry that had been developing in the country. Annual income in Madagascar, listed by the UN as one of the ten poorest countries worldwide, is approximately \$250. Artisanal miners usually earn at least three times that amount.



WORKERS WITHOUT WORK — OR PROSPECTS

The aftermath of this radical decree was the subject of a newspaper story appearing in September 2008 in *La Verité*, French for “The Truth.” The article, whose headline translates as “Gemstone Exportation Banned,” declared that the Malagasy gemstone exporters cannot continue to survive under the ban. The article claimed that a mere 2 percent of Madagascar’s gem production can be cleaned and cut in the country currently.

As buyers have left the country, miners have stopped mining. Gem prices in the main trading centers have crashed. The once-booming industry of artisanal mining on the island that provided sustenance for Malagasy who had a pick, a sack and an able body, now stagnates.

Gemologist Charles Carmona, who visited Madagascar in the early fall of 2008, reports that “People just can’t believe the embargo has gone on this long with no end in sight. Other than salving political outrage, it serves no purpose and only hurts the country. Gem miners are going back to agriculture just to feed themselves, turning boomtowns into ghost towns.”

Roger Dery, a 28-year industry veteran and gem cutter, traveled to Madagascar in the summer of 2008 looking for colored gemstones. The rough goods he bought had to be left in vaults there “until things calm down.” To date, his goods, along with those of countless other dealers, still languish in safes.

Colored stone expert Jim Fiebig, who has years of experience in Madagascar, notes that “There was a good set of laws in place from 2005 until February of 2008, and the system worked well. The colored stone industry has become more socially and ethically responsible in recent years.” They are trying to do the right thing, he says, “by this gem-rich island nation off the coast of Africa, but now this turn of events has pulled the plug on equitable export laws. Unfortunately, the ones who suffer are the millions of Malagasy trying to carve out a living in their own homeland.” ♦