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This

is the story of an unusual young man who parlayed luck, determination, grit, and just plain *cojones* into a niche pearl empire that grossed US\$11.8 million in 2005. His name is Jeremy Shepherd.

We have known Jeremy for some time now. With a previous issue we had included a DVD of his, *Pearls: The Documentary*, detailing his travels, harvesting, selecting and buying in China's akoya pearl farms. At that time, there was no accompanying article; he was too busy to oblige us by sitting down for an interview. Luckily, *Jewellery News Asia* managed to corral this peripatetic soul, and we herewith replicate the following interview by Melissa Wong in the April, 2006, issue of *JNA*.

But first, a little background on this interesting pearler. Jeremy visited the Hongqiao Pearl Market in Beijing for the first time more than a decade ago when he was working as a flight attendant for Northwest Airlines, flying to China on a regular basis. One day, he purchased a set of Chinese freshwater pearl jewelry at the market, and gave it to his girlfriend in the U.S. She had them appraised and told him the value: it was 20 times the price he had paid!

The idea of starting a pearl business formed in his mind at this moment. He bought pearls at the Hongqiao market and tried to sell them to jewelry stores and boutiques in the U.S., but very few wanted any of them. Then, at the suggestion of a friend, he auctioned them on Amazon.com, and they sold. He cashed his entire savings and bought as many pearls as he could, selling them exclusively online.

In 1997, he established PearlParadise.com. He made use of his language talents (he speaks Japa-

nese, Mandarin, Spanish and Chuuk... the language of the South Pacific Micronesian Islanders) to buy pearls from different areas. Over the years his business has expanded from Chinese freshwater pearls to akoya, Tahitian and South Sea pearls.

In addition to <http://PearlParadise.com>, he operates <http://Pearl-guide.com>, an educational website on pearls, along with 13 websites in the U.S. and Europe for pearl trading which employ marketing strategies different from that of PearlParadise.com. The company has its headquarters and appointment-only showroom in Santa Monica in southern California, serving just one customer a day.

JNA: How did PearlParadise.com do in 2005?

Shepherd: Our sales increased from US\$5 million in 2004 to US\$11.8 million in 2005. It was the most incredible year we have recorded yet. Our sales for Thanksgiving were about 300 per-

cent higher than for the same week last year. December sales were much brisker than usual and higher than anticipated.

JNA: What are your targets in 2006?

Shepherd: We have not yet determined our sales target for 2006 due to not finalizing our strategy yet.

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EDITORIAL

Still coming down from a few tumultuous days and nights in Las Vegas, America's Sin City, as this issue is being wrapped up and ready to go to print.

The JCK Show— in which the AGTA Show is imbedded— started a day later than usual which, for us, was a good thing. We can almost avoid the weekend during which the hotels tend to double or triple their rates in order to milk the vast hordes to the maximum.

Las Vegas is no longer a comfortable, fun, laid-back retreat in the desert. Many feel it may have been a much better place to visit when the mob ran it. At least, in those days, they made an effort to please you so that you would want to return. These days a few large companies run virtually everything. This makes for precious little competition, and thus there is absolutely little or no need to make you feel good about your visit: just hand over your greenbacks and don't let the door hit your backside when you leave.

Many things (including the horrendous traffic) seem to be getting even worse than before. Take the JCK Show, for example. There are now so many more exhibitors that I was told that if you had the gump-tion to stay for the entire duration of

the event and wanted to visit every exhibitor, you would have only 30 seconds to spend at each booth.

This might be slight hyperbole, but it is not far off the mark. Exhibition space has expanded to the third floor of the Venetian and someone told me that new exhibitors wanting to show their goods had to be ensconced on the fourth floor... so far away that there was little chance customers finding them... and so high up that they had to carry oxygen tanks. I didn't buy that one.

But it is readily apparent that more and more dealers are being jammed into pretty darned limited space. "How can you have so many people selling the very same goods crowded cheek-to-jowl?" one gem dealer grouched to me.

Another dealer told me that it cost him a minimum of US\$15,000 to trundle his goods to Las Vegas and set up, pay for a booth and all the necessary accoutrements, handle the room and board costs, then break down his exhibit, pack up and return home.

A serious question is: Has Las Vegas hit critical mass and now has more gem shows than either dealers or buyers can absorb?

A booth cost some US\$8,000 at the Venetian (as one person told me), but that's chickenfeed compared to the US\$35,000 a booth at the Wynn was reputed to cost.

Maybe I'm crazy, but it occurs to me that this trend of more— and

more expensive— may well price these jewelry venues out of business someday. What volume of business does a dealer have to do to make enough profit to cover his or her costs? Space, buyers and expenses are finite.

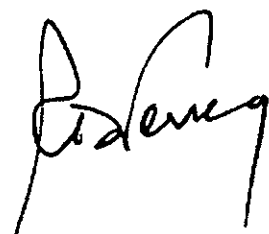
Another thing, too readily apparent at this show, is that the event goes on too long. A person attending one of the early educational events had to fritter away at least a full day or two before getting in to see any exhibitor. I assume this is good for the hotels and the show promoters, but it does not seem good for exhibitors.

And there must be kickbacks between the airlines and the shows for the latter to be creating overweight charges for the former. Loading up with just a paucity of JCK Show materials jumped my baggage weight some 23.8 pounds.

This isn't just one person (me) complaining. Most everybody seemed to be bitching and moaning about the scope, the complexity, the timing, the cost and the results of attending this annual lemming drive over the cliffs of commerce on the Las Vegas strip.

Those who didn't grouse fall into two distinct groups. One is the well-established, old crowd which comprise regular patrons of the shows from their inception, with well-fixed prime locations, and who regard this event as "the cost of doing business on an annual basis."

The other group is those who need to make an OTO (one time only) distinct splash among the jewelry trade for a specific, promotional reason. We shall also cover some of these events in our next issue (October/November/December). ♦




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SCANNING THE PEARL WORLD

TAHITI

Strict government controls implemented to improve the quality of Tahitian black pearls reaching the overseas market have resulted in a steady decline in the volume of Tahitian pearl exports over the past four years. Exports dipped to 8.1 tons in 2005, compared to 8.5 the year prior and as high as 11 tons in 2002, according to Perles de Tahiti, the government's pearl promotion body.

Although export volumes have dropped, the value of the pearls has increased, indicating that the quality of exported Tahitian pearls is up as well. Loose Tahitian pearl exports accounted for US\$126.5 million in 2005, 1% more than 2004. The average price per gram also increased by 21 percent, rising to \$16 per gram.

Wholesalers who deal in Tahitian pearls estimate that current prices have increased 3 to 15%, depending on the quality.

"We have seen prices go up," says Jenine Kelly of ProVockative Gems Inc. "Prices are pretty strong, especially for things that are a bit more unusual, like pistachio [color]. Prices are really strong for fancy colors."

"I would say prices for Tahitian pearls are getting stronger, which is a good sign," says Avi Raz of A & Z Pearls Inc. "The Tahitians have better control of the quality and quantity [of pearls coming in]. I'd say roughly, in the last six months there's been about a 10% increase in price."

Although the intention of the Tahitian government was to boost prices by controlling the quantity and quality of pearl exports, not all agree that this is the main

cause for a recent price hike.

"Well, I've seen an increase in price, but I'm not sure that's the reason," states Carlos Chanu of PCD Fine Pearls. "There's just more of a limitation on higher-end [goods]. There's a high demand for this type of material, especially in sizes larger than 13 mm."

Kelly agrees that better goods are harder to find. At the recent Robert Wan Tahitian pearl auctions, she notes, "Although prices were high, the quality was nothing spectacular. If it was spectacular, then it was small. The huge—14 mm and up—gemmy, single-color pearls were not there."

Many dealers report that demand for nicer-quality Tahitian pearls remains high, with unique pearl colors currently in fashion.

"The multicolor Tahitian pearls are doing well," says Kelly. "Pistachio - which is a fancy color - there's always a demand for that, especially if it's fine quality. Multicolored is the only thing that any one asks for in Tahitians right now; that, or the unique colors. Last summer multicolors were dead, and I never thought I'd be seeing them sell so well now."

"The unique colors in Tahitians are selling well," adds Chanu. "Coppers are hot."

Dealers predict that unique pearl colors will continue to be strong but say that the traditional blacks will still hold their ground. "My preference will always be a darker color with a greenish hue," says Raz. "They look better in jewelry and are easier to sell."

Awareness of the newer Tahitian colors - and even the traditional black pearls - can be attributed to aggressive worldwide

marketing efforts from Perles de Tahiti.

"Perles de Tahiti ... has been spending time and effort, working hard, and investing resources to promote the product. It reminds me of the Japanese 15 years ago," says Raz. "Demand [for Tahitian pearls] is increasing, definitely growing. More people are aware - they see them in consumer magazines. Awareness and the beauty of the product together have increased demand. I wish to see the Australians and South Sea people do the same thing - and the Chinese. They need to learn from the Tahitians."

Source: Colored Stone

CHINA

A young woman wearing a straw hat with an orange scarf approaches me on the beach in the town of Sanya in Hainan Province, China. "Looka, looka. You buy, OK?"

Golden, white and rose-colored pearls of dubious quality dangle from her outstretched arms. At least 20 more strands are draped around her neck. They can be purchased for about US\$3 a strand.

At the other end of the pearl spectrum is Haiyu Pearl Co. Ltd. Located down a dirt street on the eastern coast of Sanya with a stunning sea view, Haiyu Pearl is one of Hainan's many pearl factories and retailers. In addition to the freshwater pearls that have become China's trademark, they feature the saltwater pearls that put Hainan Island on the pearl world's map.

From the humble to the elegant, pearls certainly define

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"Paradise" from page 1

I can assure you it will be substantially higher than 2005's, and that we will probably shoot for a more moderate 50% growth. This should be accomplished without much difficulty as we intend to focus more on higher-end goods, which means Tahitian pearls and South Sea pearls. We started focusing on them in early 2005 and have seen a tremendous jump in revenue as a result. We just sold a triple strand of AAA golden South Sea pearls to an online customer for US\$98,500.

We are working with a lot of celebrities this year to promote the high-end goods. The Academy Awards was one of the events. Last year we presented the celebrities with gift certificates, which required the recipients to pick up their jewelry at our showroom in Santa Monica. This year we presented them with jewelry in the "Luxury Lounge" at the Peninsula Hotel in Los Angeles. It was a high-profile event for the top-list celebrities only. We designed five special pieces for five of the nominees as well. This was a big investment for us, but the publicity was very good.

In addition, we may go into natural pearls this year. I have been talking to a natural pearl dealer for quite some time. We are discussing selling only the pearls themselves, not finished jewelry, and we will probably target collectors. If this goes well, we may design some pieces that can be replicated to sell on a larger scale. It is more difficult online because we must be able to make

more than just one design to keep prices low.

JNA: If it happens, you will be the first to sell natural pearls on the Internet.

Shepherd: That is one of the main reasons for getting into natural pearls. There is just no other company providing a truly complete selection of pearls, especially on the Internet. The man



I would be working with has been selling natural pearls for more than 10 years, and is quite well known in the industry. He tried to sell online at one time, but it did not work well for him.

Making an Internet site successful takes a lot of dedication and concentration. This cannot easily be achieved when one is flying all over the world collecting natural pearls.

JNA: When was your first visit to pearl farms in China?

Shepherd: The first time I visited a pearl farm in China was in 2000. I didn't have anybody with me, and I had to rely on the people from Beihai, an akoya trading

center in Guangdong Province, that I had come into contact with over the Internet. That was a very bad experience.

About a year later I started again. I contacted as many pearl farmers, or people who said they were pearl farmers, in Xuwen (an akoya farming and processing base, also in Guangdong Province) and Beihai as I could. I spent two to three weeks in the two cities, just visiting pearl

processing factories and pearl farms, and I could tell immediately if they were merely traders or just wanted to be middlemen, or if they really had their own factories or their own farms.

Finally I settled on two suppliers. One of them is now my good friend. He has a decent-sized factory, and his processing skills are amazing. He saves all his higher-quality pearls, mainly 6mm to 7.5mm and some 7.5mm to 8mm,

for me, and I help him sell his lower-quality pearls without commission. As we are good friends, I can buy 50 percent AAA quality and 50 percent AA quality for the same price every time. I have to trust him to divide them, 50 percent of each. Sometimes I find there's a mistake, and I just ask him to correct it.

JNA: How about Chinese freshwater pearls? Do you have good friends in that sector?

Shepherd: I have a good friend at a leading Chinese freshwater pearl producer in Zhuji, Zheji-

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"Paradise" from page 4

ang Province. She goes to different companies in Shanxiahua in Zhuji to find AAA quality 7mm to 8mm freshwater pearls for me. In turn I help her buy akoya pearls. Sometimes we go to Xuwen together. I also help her, and my friend in Xuwen as well, buy Tahitian pearls because I am a bigger Tahitian pearl customer and get better prices. Typically I charge them only 10 percent over my costs.

JNA: Where do you source Tahitian pearls and other "non-Chinese" pearls?

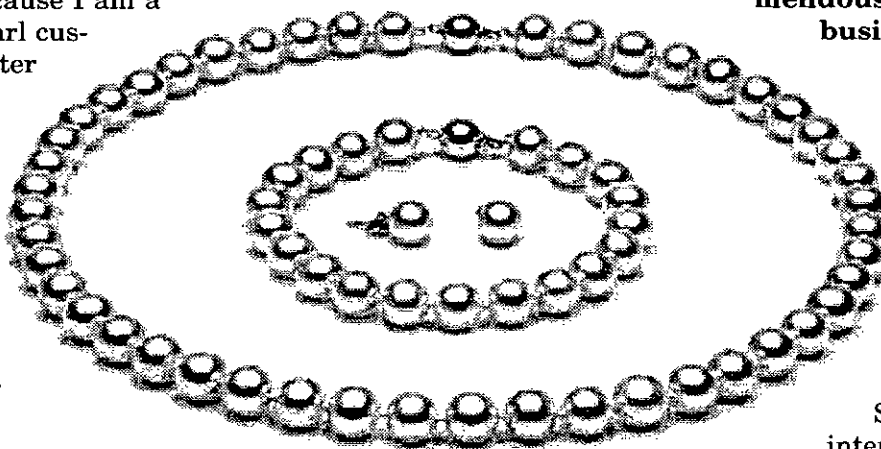
Shepherd: I have a good friend in the Cook Islands who supplies Tahitian pearls and separates the lots for me, just as though I am buying at auction. He brings me the pearls after fresh harvests if I don't have time to go there. I pay a very slight premium.

I also use Hong Kong to supplement the Tahitian pearls when I need to, but only if the companies sell to me at a price I can agree to. Some Hong Kong companies have a high mark-up, almost 400 percent. You can get a 50-percent reduction if you are a big customer, but you still pay a high price.

For larger akoya pearls, of which there is little supply in China, I deal with a factory in Japan which is strong in 7.5mm to 8mm. We have a good relationship because I speak Japanese and have lived in Japan, and they know me and know the company. When they get the quality that they think I will like, they send the pearls to me. If I like them,

I keep them and pay. If I don't, I send them back.

I go to Kobe about four times a year. I don't need to go very often as our Japanese pearl business is not as strong as our business in Chinese akoya. However, I do go



A PearlParadise.com AAA quality 9-10mm white CFWCP set.

to Kobe to visit other factories to gauge the prices and make sure that my supplier is the best, or to look for specific sizes or qualities.

JNA: It seems that you buy pearls mainly from friends?

Shepherd: I like to work with people that want a strong, long-term business relationship. If I can get to know them on a personal level, if I can give them a fair price, and they can consistently give me a fair price and a fair supply, we can work together and they will know I am a long-term customer. I have had very bad buying experiences in China and even in Hong Kong in the last 10 years. If I don't trust somebody or don't feel there is friendship between us, I will not do business with them.

JNA: Looking at your previous sales record, I note that you posted the highest growth in 2003, when your sales soared tenfold to US\$3 million from US\$250,000 in 2002. The SARS outbreak occurred in 2003. Can it be said that the epidemic made a tremendous difference to your business?

Shepherd: SARS was a big factor in our success. One thing was that National Public Radio, a major radio station in the US, found out that I was in China during the SARS epidemic. They interviewed me, and the interview was played every day. This was very good publicity.

The other thing was that I got great prices and premium quality pearls. Before SARS I often came up against the problem that farmers didn't want to sell me the best quality and wanted a premium price. However, during the SARS period, every company contacted me and asked me to visit them. They were harvesting and had to sell. It was like walking into a store and getting a 95-percent discount, and I bought as much as I could. That was when my business really started to explode, because I had no competition in prices and quality.

JNA: Weren't you worried? It was SARS!

Shepherd: People thought I was crazy, but I had spent a lot of my life living overseas—Japan and Mexico, among others.

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EVE ON PEARL GRADING

One of the finest minds (not to mention eyes and talented fingers) in the world of cultured pearls is Eve Alfillé, a longtime friend and supporter of *Pearl World* whom we often quote in our newsletter. Not long ago Eve received a communiqué from a reporter on industry practices which read in part:

You mentioned Iridesse selling "fashion-oriented" pearls without any information about type, origin, quality and so on. And you mentioned the awful strands of pearls being sold without product information. My question is: Without grading standards throughout the industry, and without product information and customer education, does the pearl industry run the risk of pearls (at least at the lower end) becoming "just another bead," of being devalued? And if this happens with lower end pearls, what would happen with those expensive strands?

You also mentioned the Pearl Society. Is this a group of jewelers or customers, or all interested parties? The existence of the group, you say, has helped you build a substantial pearl business. I wonder if the education the group receives has resulted in more repeat pearl sales to the same customers, sales to customers who might otherwise not have purchased pearls, and if you think the price point that these customers were willing to pay is higher due to their participation in your society?

Would it be possible to have a single unified pearl grading system, one that would work for pearls no matter their type or origin? (While I understand that there are differences with nacre thickness due to the water temperature and time in the water, and differences in color and shape due to nucleation and mollusc in which the pearls are cultured, there are certain considerations--such as luster, overtone, color, blemish--that seem to be universals. Several people have told me a single system isn't possible, but no one seems able to articulate exactly why.)

Working with the public and pearl buyers in particular, of the factors that affect pearl quality--size,

shape, color, overtone, luster, surface quality--which seem to be of greatest interest or importance to your clients? And how would you rank these factors in importance.

Lastly, you mentioned Tiffany's as having the clout to bring order out of chaos. If GIA were to develop a new pearl grading system, do you think it would or could eventually come to have the influence the GIA diamond grading system has? Or would there be too much resistance?

Eve's comprehensive and detailed reply (as with everything she does) was quite interesting, as she discusses a subject that has been dear to the cultured pearl industry, seemingly forever:



The Pearl Society (please use caps) is an organization I founded in 1990 with the purpose of educating retailers, appraisers, and the public, because I was struck with how the DTC gave the public a feeling that they "knew" diamonds- the "4C's" comes to mind- and spent a fortune in the process, yet no one was doing this for pearls. Now hold on, there is much more to come.

As a designer in the seventies and thereafter, I had been an early adopter of the Lake Biwa pearl- at a time when they were fine and costly- and worked to create a market for them in a world where Japanese akoyas had reigned so long that they became synonymous with the term "pearl", and customers, while liking the Biwas, had to be educated and persuaded to adopt something new.

Eventually I created this group, The Pearl Society, with an education mission. Originally, it attracted consumers, appraisers, and many retailers.

My mandate was to have honest information go to all: our speakers were encouraged to divulge trade "secrets", methods of manufacture, such as for mabés, for example. This displeased many of the retailers, who felt that the public would not buy pearls with too much of this information, similar to when

"Grading" from page 6

Fred Ward, the author of "Pearls" for *National Geographic* magazine, divulged that all the Japanese akoyas were bleached and pink-dye injected! I took a lot of flak for that one!

But I stuck to my position: I was certain that with an honest disclosure of treatments, people would feel empowered, and would make informed choices.

This has proved to more successful than you can imagine: I was able to bring in every new type of pearl that came on the market since, each with full disclosure, speakers representing the origin of these pearls, their culture, their harvest, their treatments, and every aspect of the trade.

What transpired is that these consumers eventually became collectors, and in some cases even vied with each other to be the first to collect new types of pearls. The Pearl Society meetings give them a forum to compare their acquisitions, and they have become ardent proselytizers, feeling fully capable to discern quality (and to make informed choices, at times, to also collect such things as dyed freshwaters, or pearls of mere "fashion jewelry" grade!).

But at the beginning of the 1990's, when I first formed the Society, I felt, like you, that all pearl producers, no matter where they were, ought to come together and emulate DeBeers in creating an education and promotion vehicle to function internationally.

And in 1993, I was invited to be on the board of such a group, formed by major pearl figures: The IPA (International Pearl Association), which you might have heard of. With much travail, we convened a congress in Hawaii in 1994. I was one of the speakers.

This was a real coup: the first time, ever, that all the pearl producers met in one room to hash out a common future for the pearl! There were a thousand participants: the Australians were there, the Tahitians, the Chinese, the Europeans, Americans of course, Philipinos, Indonesians, any Pacific island with a hope of producing pearls... and a very few Japanese (because they had been invited by informal fax instead of a formal, proper personal visit, most of the Japanese chose not to come, and instead held their own meeting the following year).

But no matter, the Congress achieved greatly on two fronts, neither one being its stated goal.

Firstly: Parallel to the trade participants, a congress of scientists had been convened, biologists, malacologists, and others who happened to have been, each in their own corner, working on the pearl!

No one had any idea that this was going on! it was a true revelation for those in the trade, and to most of the scientists, a true cross-fertilization, and opened up a new era of cooperation and research, growing oysters in laboratories, and finding improved methods of culture. For the first time, growers learned that science could improve the health of the oysters, as well as their yield. Large farms could hire scientists to set up improved operations, and better methods could trickle down to small operations.

And secondly: For the producers and the trade side, it was exhilarating to see the large attendance, energizing to realize that this was indeed an industry, capable of expansion, of promotion, of improvement. Myriad contacts were being made, alliances were formed. truly there was a wonderful pioneering spirit in the general sessions, and many hands were raised volunteering funds and assistance to the common project! We, the committee, were elated.

What happened then: The large sessions split to discuss specific areas. At the same time, behind the scenes, the principals convened to formalize the outpouring of funds and delineating the approach of the Big Marketing Project. I was in on these meetings. Among the items discussed was, of course, your thought of a single grading system. Why not? It should be the foundation of an education on pearls, similar, one would think, to the GIA diamond rating.

This is where things began to break down.

While everyone agreed that Japanese akoyas were well served by a system such as GIA's, there were those, representing South Seas pearls, who felt that their pearls were so far superior to any others, and that they merited a different system. Black pearls of course needed a whole different emphasis on color. American freshwater pearls? Well, they are never dyed, always totally natural, and that merits special consideration, doesn't it?

And GIA calls mabés an "assembled product"-those are certainly rather harsh words if are a mabé producer!

You can see where this was going. But things really hit the fan when the topic of parity was brought in for the Chinese pearls: in 1994, Chinese pearls were already more smooth and lustrous than the early "Rice Krispies" but a lot of damage had been done... poor image, rock-bottom prices, lack of promotion of any kind... no self-respecting round pearl producer wanted to be associated with the Chinese, in any way, shape or form.

The participants began to withdraw their pledges: "If the Chinese are in, I am out." Some desperate

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negotiations ensued, but the damage was done.

The tide had turned. Infighting began among those who had earlier pledged friendship. In disdain, the Australians went out en masse to drink their beers on the balcony. Others withdrew. It wasn't long before the meeting disbanded, without achieving its goal.

The scientific congress was a great success; the trade congress was a success - but the International Pearl Association fizzled a year or so later.

I have told you all this as background, since it is not likely that many people know this story, which Bo Torrey can corroborate. I have some of the documents of the IPA, should history ever look for them, and so does Bo. Martin Coeroli of the Tahitian pearl Board also was a committee member, as were Salvador Assael and others.

To return to your questions: As you can see, the pearl world consists of many ego-driven individuals, and it has been extremely difficult to bring them together. It is true that in the intervening years, there has been some crossover: the proud Japanese have been struck by the decimation of their crops and have had to resort to going to China to purchase pearls, and in many cases, to operate in China. The Chinese have learned that the world wants large, finer pearls, and are beginning to receive more respect for their product.

The trade is finally accepting the new 12mm and over Chinese naturally-colored pearls as worthy members of multicolored necklaces of high value- although this may or may not be a fad. Part of the problem is the uncertainty over the pricing.

One of the people I have recommended to you to talk to is Marc Freeman, of Freeman Gem in California. Marc sources extremely fine large multicolored pearls in China, and is a great proponent of grading, since he concentrates on very high quality, (at very high prices). You can see his booth in Tucson, should you be going. They are something to see! In fact, if you go to Tucson, let me know: there is a very instructive Pearl Discovery Walk a group of us conducts that you might like to join.

But because there is no real grading interest, only a few are going to understand his quality and prices; most will be confused by fine, large (but not as fine) Chinese pearls elsewhere at much, much lower prices.

And then, there is the conundrum of freshwater versus oceanic round white pearls, some very fine: how to codify them, how to recognize them, how to grade them? Baffling, and the price differences are

incredible! It is very, very difficult to safeguard the price structure of Japanese akoya pearls nowadays when, for 1/5 to 1/4 of the price, you can have some very lively, lush round white freshwaters with much, much thicker nacre and durability!

As to what the public prizes, color put aside, luster is paramount. Nacre thickness, which cannot be seen, is a hard sell, and, as I just explained, the freshwaters' nacre makes all explanations moot anyway! Surface quality is easily waved away if a lower price can be had for a marked strand (up to a point), but luster is a must.

I hope this answers some of your questions. Please call me if there is anything else I may do for you. Affectionately, Eve.

Eve then appended a short message to me, as I had complimented her on her comprehensive, thoughtful and rather gentle treatment of the main subject matter:

That was soft? For me, I thought I was being uncommonly harsh! I can see why an outsider would think that, if grading could be unified for diamonds, why not for pearls. Surely, diamonds too at one time were sold with a thousand competing claims for quality and purported quality assurance systems.

But one difference is that attractiveness is more manifest, even to an unschooled public, in pearls; for one thing they are larger, and it is easier to discern flawlessness and luster. So a grading system will seem less essential to the public at the low and middle price levels.

When it comes to the higher levels, quality is still visible, but the reassurance offered by grading reports may help sales; however even with a proper system in place (and, after all, GIA does offer one), appraisers still cannot discern such things as treatment in pearls, like artificial color in golden pearls.

So, I conclude that GIA's system works reasonably well in general terms, with special subsystems for each type of pearl thrown in, of course. No conclusion exists at present that would bring tissue-nucleated freshwaters to the public's greater esteem, which is unfortunate from the point of view of their greater nacre thickness and durability. ♦

There is a great deal more to this issue of pearl grading than that which is outlined here. May we suggest you see the article entitled *The Continuing Quest for a Universal Pearl Grading System* by Sharon Elaine Thompson in the July 2006 issue of *Lapidary Journal* for a fine perspective on this subject? (It may possibly be excerpted in the next issue.)

"Paradise" from page 5

There wasn't anything that really scared me. There are many millions of people living in China, but how many had SARS? The fear was unwarranted. I was going to be careful and protect myself. In fact I was very excited, as I knew I would get everything I wanted.

JNA: Building a luxury business online isn't easy. How do you manage to get people to buy pearls they can't touch?

Shepherd: You need to have a brand name that people trust. To achieve this we blanket our website with educational materials on the cultivation and nature of pearls, and display our company's membership in organizations like the Better Business Bureau, the Safe Shopping Network and the MJSA. In addition, we have grading scales for different pearls, and accompany all pieces with an appraisal and a 90-day money-back guarantee.

JNA: What is your return ratio like?

Shepherd: Our return ratio is less than 2%. Most of the goods that come back have been bought by husbands for wives who don't want pearls. Almost none of the returns are related to pearl quality.

JNA: How do you deal with old inventory?

Shepherd: If we have an over-stock of particular items, we put them into our biannual customer-only sales held be-

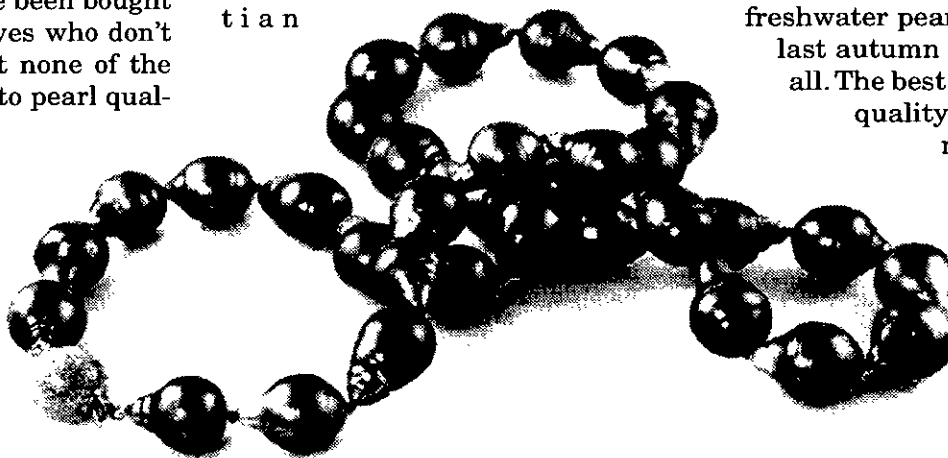
fore Mother's Day and Christmas. We send out emails to our past customers only, inviting them to a special web page, set up just for them, featuring items at prices less than 10 percent above cost. Response is very good, and we can sell all the pieces in one day.

JNA: In addition to presenting jewelry to celebrities at the Oscars, you appear frequently in the media, including *The Wall Street Journal*, *Entrepreneur Magazine* and *Ocean Scene Magazine*. Is a high level of publicity a major reason for the success of Pearl Paradise?

Shepherd: The press asks me for interviews, and they do help our business. *WSJ* did an article on us last July, and that one article caused our business to just explode. We advertise very occasionally, typically when the consumer press is writing a story about us.

Referrals and repeat business make up a huge percentage of our customers. We have a strong customer base because we provide quality pearls at reasonable prices.

Tahitian



An inexpensive PearlParadise.com
9-10mm Tahitian circle strand.

BEST SELLERS

pearls and akoya pearls are the best sellers at PearlParadise.com, Mr. Shepherd said.

"Our Tahitian pearl sales are very strong right now. The most popular are gem-quality peacock pearls, and the retail prices are US\$3,000 for a 9mm to 10mm necklace and US\$3,400 for a 10mm to 11mm.

"We make necklaces only with A quality pearls and sell 150 to 200 Tahitian pearl necklaces every month. The public will not see most of them on the Internet because they are already sold to our waiting customers. It's simply that the prices are attractive. They cannot find such strands at these prices even if they come to jewelry fairs in Hong Kong."

Top sellers for akoya are necklaces with 6.5mm to 7mm and 7mm to 7.5mm pearls, he said. For 6.5mm to 7mm, AAA quality sells for US\$300 per necklace and the second tier, AA+ quality, for US\$200; for 7mm to 7.5mm, the top quality goes for US\$500 and the second tier for US\$400.

"Meanwhile, our Chinese freshwater pearl sales are quickly catching up with akoya. I thought I had purchased enough Chinese freshwater pearls to last a year last autumn - not the case at all. The best sellers are good-quality 7mm to 8mm necklaces retailing at about US\$86," he said.

NO MORE HOBSON'S CHOICES

Not too many years ago, pearl aficionados had many fewer choices when it came to buying pearls. Remember when pearls were all small, round, and white... the heyday of the Japanese akoya pearl, the only game in town?

Back then, it was Hobson's choice: taking what was available or nothing at all. The origin of this phrase comes from the mid-17th century, when a curmudgeon named Thomas Hobson (1554–1631), a livery stable owner in Cambridge, England, gave the customer the "choice" of the horse nearest the door or none at all.

Those days of limited choices in cultured pearls are 'way in the past, as this article from a recent *Colored Stone* aptly recounts.

Pearl jewelry has come a long way from the days of grandmothers' proverbial strand of round pearls.

In today's retail market, consumers can choose from golden, pink, black, and peacock green pearls in one-of-a-kind, baroque shapes. On the fashion runway and in magazines, pearl strands hang waist length, twist around each other, and blend with diamonds and colored stones.

There's just one problem: To many jewelry buyers, a pearl is a pearl. The public may be buying more colors and shapes, but they don't know the difference between akoya and South Sea, cultured and natural, saltwater and freshwater. In a 2004 survey conducted by the Jewelry Consumer Opinion Council (JCOC) for *Perles de Tahiti*, a stunning 79.4% of pearl jewelry owners said they did not know what kind of pearl they were wearing.

Experts say that lack of

knowledge is holding back sales. To jump-start the market, industry leaders, particularly the Cultured Pearl Association of America (CPAA), are focusing on educating retailers and sales associates so they can in turn educate the public.

"What the trade needs to do is educate the market and consumers about the uniqueness of these pearls," said JCOC president Liz Chatelain. "Consumers love knowledge. If a pearl is [just] a 'pearl' pearl, what is the interest? If you can say these are South Sea or Tahitian, it engages the consumer and becomes more collectible."

79.4% of pearl jewelry owners said they did not know what kind of pearl they were wearing.

This June, the CPAA will launch a major campaign aimed at raising pearl awareness. Still under wraps, the campaign will send promotional material to retailers around the country, including a tag line and advertising visuals.

"We want to increase awareness of cultured pearls, so people will buy them, and educate sales associates, so they can sell them," said CPAA spokesperson Kathy Grenier. Because the CPAA admittedly does not have the funds to buy national advertising, it is targeting local retailers. "We believe that's the weakest link at this point in time. A customer walks into the store. It could be their very first experience with pearls, and if this associate doesn't have

a basic knowledge of cultured pearls, it could not be a great experience for this customer."

"The biggest problem we find is a lot of ignorance. People make things up," said former CPAA President Armand Asher of Albert Asher South Sea Pearl Co. "It may be a customer who says, 'I don't understand the difference between freshwater and South Sea pearls.' If the store is showing freshwater, the [salesperson] says, 'There's no difference; it's only less expensive.' If the store is showing South Sea pearls, [he] may say, 'South Sea is 10 times more valuable.' ... It's often about quantity. Most [stores] don't have a big collection. They boost what they have."

The U.S. pearl market has improved steadily in the past two years. Industry experts attribute the improvement to two factors: better visibility of pearls in fashion and the improved quality of Tahitian pearls.

The market had stagnated, Asher said. Exports of Tahitian pearls were not being regulated, meaning that lower quality was making it to the market, and sellers were cutting prices. Then, several years ago, the French Polynesian government passed laws requiring a minimum nacre thickness and inspections of all product.

"It took a couple of years, [but] they raised the standard. [Now] we have trouble finding lower-quality pearls," he said. "They stopped exporting [so many], and as a result, the quality and prices have gone up. Sales have shown increases."

According to the U.S. Census Bureau, imports of all types of

"Choices" to page 17

ASIA'S BIGGEST

INTERNATIONAL JEWELLERY FAIR



18-23 September 2006

AsiaWorld-Expo • Hong Kong

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Hong Kong Convention & Exhibition Centre

The world's pearl trade is a key part of the Hong Kong September Hong Kong Jewellery & Watch Fair

This is Asia's main event on the pearl business calendar. More than 500 exhibitors out of a total of 2,300 expected at the Fair, are specifically from the pearl, bringing the widest range of pearls, and finished pearl jewellery of every quality to the world's trade buyers.

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For the global pearl trade, this is the event you can't afford to miss....And it is only part of Asia's biggest jewellery event, one of the world's top three fine jewellery events.

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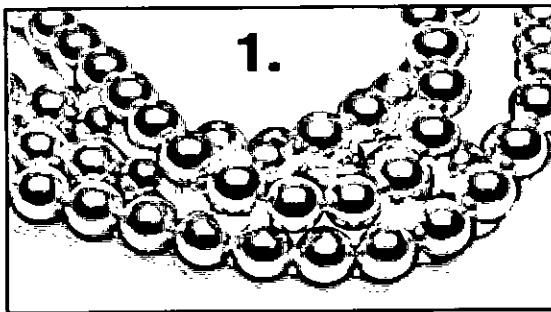
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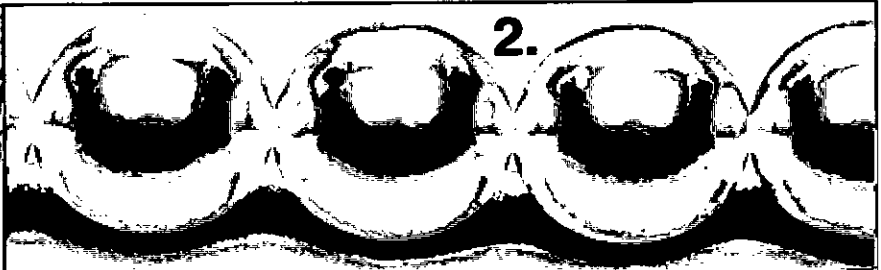
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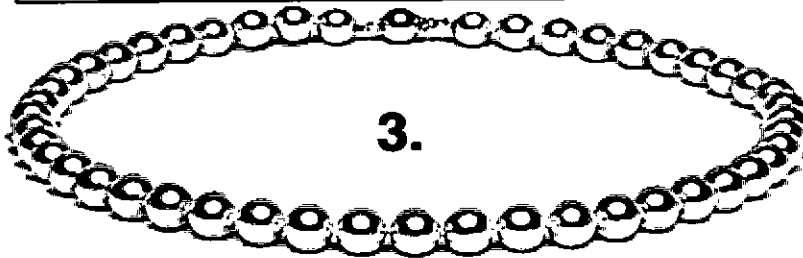
CHINESE AKOYA PEARLS



1.



2.



3.

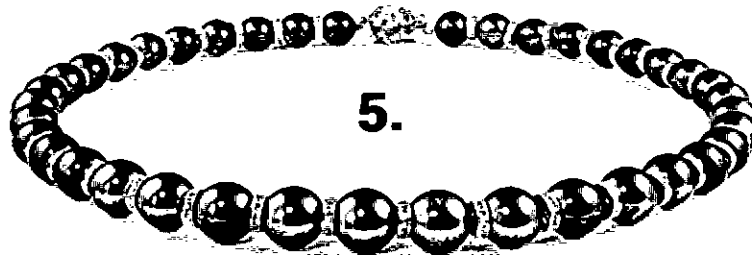
Who can argue that the best of the Chinese akoya does not compare with the Japanese? This is why many Japanese are buying up Chinese akoyas to sell as Japanese.

1. Lustrous strands of Chinese akoya.
2. Close ups of pieces in a strand.
3. A 8.5-9mm certified "Hanadama" akoya pearl strand.

SOUTH SEA PEARLS



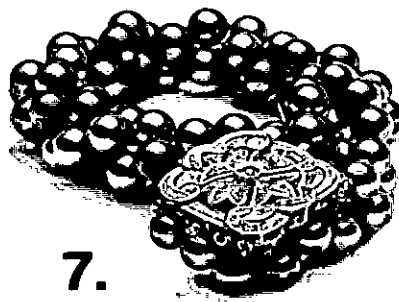
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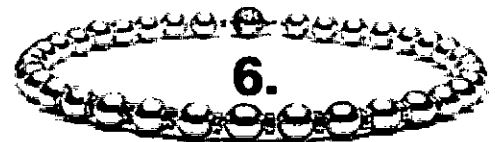
5.

Samples of the wares which PearlParadise.com has offered or sold on its website, and the celebrities who have worn these cultured pearls with pride.

4. The triple strand golden SSP necklace which sold for \$98,300.
5. Gem quality Tahitian pearl necklace with diamond rondels.
6. 10-11mm white South SSP necklace with diamond rondels.
7. 9-10mm triple strand Tahitian necklace with Victorian clasp which sold for \$12,000.
8. Judy Densch with daughter.
9. Apolo Ohno, Olympic gold medalist speed skater.
10. Nicolette Sheridan of "Desperate Housewives" fame.



7.



6.



8.



9.

10.

CHINESE FRESHWATER PEARLS (FRESHADAMA)

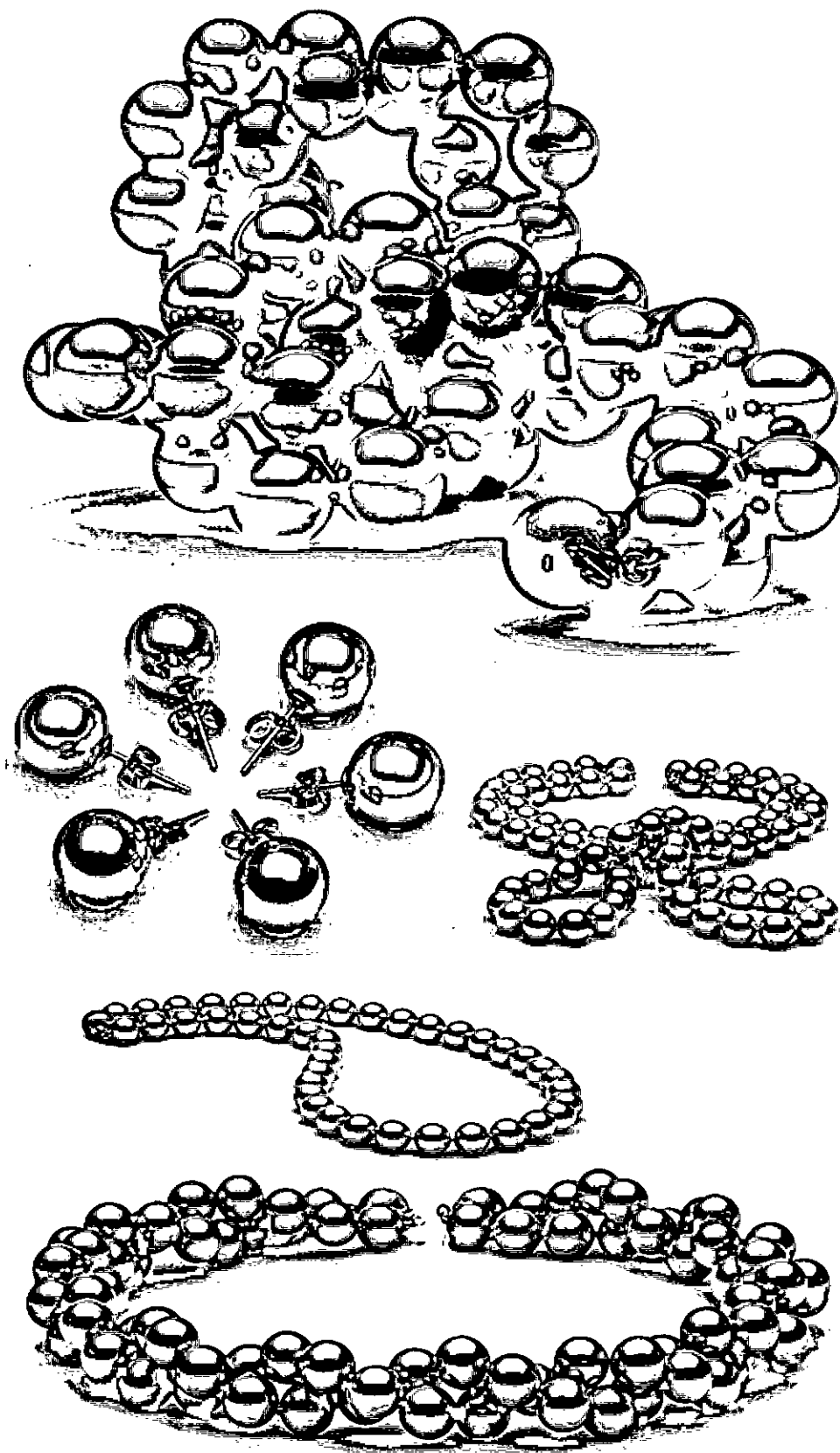
PearlParadise.com is proud to be the only company in the world to offer this new line of freshwater pearls, "Freshadama." Each freshwater piece in this category features truly round pearls with brilliant luster, higher than even the finest quality akoya pearls. The pearls feature orient, which is a rainbow iridescence and an incredibly rare factor only seen in approximately .01% of freshwater pearls produced today.

How do they do it?

When freshwater pearls are harvested they are separated into many different categories. These categories mainly consist of differing qualities used to create strands. PearlParadise.com has always been proud of the fact that they select pearls only from the top two categories. But there is one additional category, a very special category, that remains. These are the pearls that are collected immediately after harvest and are deemed too perfect to drill. These pearls are then sold as loose, undrilled, single pearls to wholesalers and collectors.

What makes these new pieces unique is that the company founder, Jeremy Shepherd, recently spent two weeks in Zhuji (the largest freshwater pearl producing area in the world) after the last major harvest, and collected these special, gem-quality lots from several different farms. He then did something unheard of in Asia: he hired a local factory and had the pearls drilled and matched into the most lustrous freshwater necklaces ever produced... and the only strands of their kind in the world, guaranteed.

When purchasing a strand from this collection, be assured that you are receiving the world's finest quality freshwater pearls. You will never, ever see another... unless you purchase more Freshadama from PearlParadise.com.



THE PURL HUNTER OF TUMBLE BEACH

As with many other pearl events, this one started with Eve Alfillé. It's sort of a natural thing with her, much like heavenly pyrotechnics attracted to a lightning rod.

One day, not too long ago, a letter came to her out of the blue. And this is what the letter said:

Dear Mrs. Alfillé:

Thank you for taking my phone call on Thursday. It was an exciting pleasure to speak with someone who is a known leader on the subject of pearls. I thought Antoinette Matlins' book ("The Pearl Book") was marvelous, and what you had to say really hit home.

I particularly love the fact that the pearl is the first object prized by mankind... along with being natural with no influence whatsoever from humans.

I could go on and on but it would defeat the purpose of this mailing. It is with great pride that I introduce you to the world's only "wabi-sabi sculptured purl."

Wabi-sabi is an ancient Japanese aesthetic, thousands of years old, that finds appreciation and beauty in things not perfect. I hope the enclosed photos and samples will be sufficient to give you an indication of what it is that has overcome me.

Sincerely,
"The Purl Hunter
of Tumble Beach"
Leo Rudokas

To make a long story short, Eve called me, suggesting that I get in touch with Leo... and mailed on the photos and samples enclosed with her letter.

Upon receipt, I called Leo after some "phone tag," and in a short time more photos and the following

letter came in the mail.

Hi Bo,

I received the *Pearl World* journal the other day... Thank you very much... I found it to be most informative in a variety of ways, and has strengthened my beliefs about Tumble Beach Wabi-sabi sculptured pearls.

As I sit thinking what to write my mind darts in numerous directions, then branching out even further, so from the college of empirical knowledge and various sources of information I'll try to make a case for the phenomenon I call "sculptured pearl."

To begin imagine yourself viewing planet earth from an astronaut's point of view high in the sky. Also imagine a crystal clear atmosphere with not a wisp of a cloud.

As you circle the planet focus on the miles and miles of ocean shoreline divided into varying terrain too numerous to mention.

With the information gathering technology of today, the shoreline is figured to be just a little short of one million miles. A small percentage of this comes under the category of beach.

Beach as we know come under numerous descriptions: rocky, sandy, exotic, tropical, pristine, long, shore, beautiful; and sometimes awful, barren, polluted, deserted, and inaccessible.

Off the coast of one of these beaches lives an oyster called *Crassostrea virginica*.

If you were to look at pictures of all the mollusks known to mankind, this oyster surely would be voted most unappealing to the eye and probably most annoying to the touch, but at one point in time so plentiful that Man harvested them by the millions of bushels

along some coast lines.

Try to think back in time to when mankind first went to the ocean's edge. How did man first come in contact with the oyster? What made him think this was a source of food? How many oysters did they open before the first pearl was found?

It definitely was a monumental occasion because as far as we know, the pearl is the first object to be a precious gem known to Man.

Some scientist somewhere calculated the odds of finding a natural round pearl in an oyster at one in ten thousand.

The myths and tales involving pearl are most intriguing. For millennia people have been drawn to the beauty and mystery of pearl.

Over time, Man has come to recognize the prime locations of the round pearl producing oysters, and because of the demand of the pearl's desirability man developed the cultured pearl.

Once an item of such rarity, pearls were considered priceless. Today the cultured pearl is so plentiful that it is affordable to any and all. With today's marketing and advertising, the majority of people have no conception of what the difference is between a natural round pearl and a cultured round pearl.

Until someone shows me anything to compare with the all natural sculptured pearl (pearl is nacre... nacre is pearl... pearl is pearl... nacre is nacre), I base this belief from data provided from what I would call "The Bible of the Oyster," by William K. Brooks. The title of his book is "The Oyster."

The last time we spoke you mentioned viewing some of the

"Sculptured" to page 15

"Sculptured" from page 14

better examples of the sculptured pearl. Because they are all one of a kind, all-natural, and to the best of my knowledge the only ones like them in the world, I find it most difficult to release them. I feel the anguish of a parent sending his only child off to war.

I am preparing a group of totally untouched pieces that are exactly the way I found them... no treatment of any kind... and an equal number of pieces that had chips or were broken in some way, but which I shaped and used what I call "the sauce treatment" (others call it "bling-bling").

I believe for true pearl purists that the all natural sculptured pearl is just what they are looking for. I could go on and on. Also enclosed are some photos of my attempts at playing with jewelry. They're costume pieces I've attached experimental pearls to try in order to get an idea of what is possible.

Bye for now. Always,
Leo

THE "PURLS"

There are a few things that must be discussed at this point.

One: as any pearl aficionado will say: these are not pearls *per se*. They are mother-of-pearl. And he or she will point to any dictionary definition which will clearly state: that a pearl is "a hard, lustrous spherical mass, typically white or bluish-gray, formed within the shell of a pearl oyster or other bivalve mollusk and highly prized as a gem." And that's that, right?

No, it doesn't quite end there. The dictionary will go on to say: "short for mother-of-pearl" and "figurative a precious thing; the

"Sculptured" to page 16

A WABI-SABI PRIMER

The wabi-sabi state of mind starts with a simple question: How do we feel about what we know? The answer lies in the acceptance of the inevitable, and is an aesthetic appreciation of the evanescence of life.

The luxuriant tree of summer is now only withered branches under a winter sky. All that remains of a splendid mansion is a crumbled foundation overgrown with weeds and moss.

Wabi-sabi images force us to contemplate our own mortality, and they evoke an existential loneliness and tender sadness. They also stir a mingled bittersweet comfort, since we know all existence shares the same fate.

The wabi-sabi state of mind is often communicated through poetry, because poetry lends itself to emotional expression and strong, reverberating images that seem 'larger' than the small verbal frame that holds them (thus evoking the larger universe).

Rikyu used this oft-repeated poem by Fujiwara no Teika (1162-1241) to describe the mood of wabi-sabi:

*All around, no flowers in bloom
Nor maple leaves in glare.
A solitary fisherman's hut alone
On the twilight shore
Of this autumn eve.*

Wabi-sabi is a beauty of things imperfect, impermanent and incomplete. It is a beauty of things modest and humble. It is a beauty of things unconventional.

"Greatness" exists in the inconspicuous and overlooked details.

Wabi-sabi represents the exact opposite of the Western ideal of great beauty as something monumental, spectacular, and enduring.

Wabi-sabi is not found in nature at moments of bloom and lushness, but at moments of inception or subsiding.

Wabi-sabi is not about gorgeous flowers, majestic trees, or bold landscapes.

Rather, wabi-sabi is about the minor and the hidden, the tentative and the ephemeral: things so subtle and evanescent they are invisible to vulgar eyes.

Like homeopathic medicine, the essence of wabi-sabi is apportioned in small doses. As the dose decreases, the effect becomes more potent, more profound. The closer things get to nonexistence, the more exquisite and evocative they become.

Consequently to experience wabi-sabi means you have to slow way down, be patient, and look very closely.

"Sculptured" from page 15

finest example of something."

So Leo isn't that far off base, especially as he coined the word "purl" (which tickles me) for his discoveries.

Leo looks at it this way: "Sand, stone, wind and water is the manufacturing process. I call it 'the place where old oysters go off to die.' And it's with their death that Nature transforms the once-ugly duckling (oyster house) into a beautiful swan. With every turn of the ocean's tide, the nacre is slowly reshaped and an inner beauty becomes exposed. Sizes, shapes and coloration vary with each piece, making each a one-of-a-kind masterpiece. It is to the best of my knowledge that this is not known to be happening anywhere

else... hence wabi-sabi sculptured nacre from Tumble Beach."

So, if they're really not pearls in the sense that most of us think, and are used to, why are we spinning this tale of obsession to you?

The reason is wabi-sabi simple: It is another example of one man's passion (the world of cultured pearls abounds in this spirit)... besides promoting the cause of looking at things from outside of our usual binocular vision.

So take a deep breath, step back for a few moments from your current commercial endeavors, and look at things from a different perspective. Maybe even escape your office environs, take a walk outdoors, or daydream.

Enjoy "the beauty of things unconventional" like the Purl Hunter of Tumble Beach. ♦

But after Leo adds what he calls "sauce," it becomes a quite colorful and free-formed MOP adornment.



Two more Tumble Beach sculptured "purls" that have been "sauced."

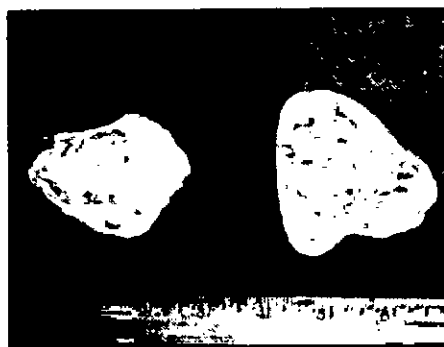
At first, the shells from off Tumble Beach look like just like anything you might find in shallow waters.



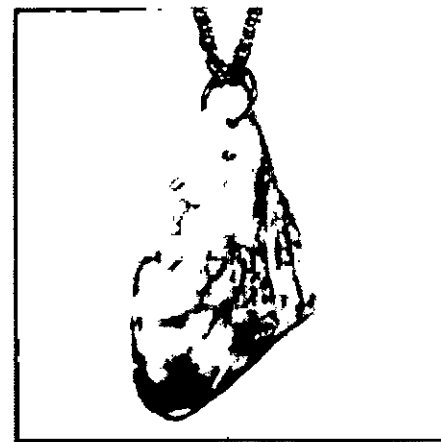
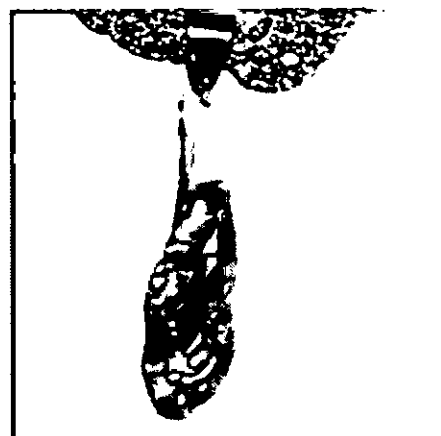
Above: the inner side.
Below: the outer side.



Another pair. Rather ordinary looking white shells, aren't they?



And, below, a quite colorful sample, with dark tones mottling the surface.



"Choices" from page 10

loose pearls slipped during the first few years of this decade, bottoming out in 2003 at \$260.4 million. In 2005, pearl imports were back up to \$290.7 million, still far from the 2000 figure of \$391.3 million.

"I think that certainly there's no denying pearl sales are on the rise," said Grenier. "I think this gem was very pigeonholed. I attribute [the change] to a lot of designers who have a passion for gemstones and saw the intrinsic beauty of pearls."

"More young people are being exposed because of fresh designs," Grenier went on. "They are falling in love with pearls."

The big jewelry outlets are leading the way, starting with QVC. "Honora has done a great job bringing in rice and freshwater pearls, usually with sterling silver accents," said Chatelain. Tiffany & Co. has opened a chain of pearl-only stores, Iridesse, in upscale markets across the United States.

Smaller retailers are riding the wave. "Sales are getting better every year," said Llyn Strelau of Jewels by Design in Alberta, Canada, a jewelry designer who does a brisk business in pearls at his retail store. "In the past year, we did quite well with South Sea [pearls] . . . I think it's availability. And there's been more seen in the magazines and the media." Some customers are exposed to pearls on cruises to the South Pacific and Hawaii and buy them when they come home.

"Pearl jewelry is not perceived anymore as conservative to wear. You can wear it every day for fun," said designer Cynthia McCoy of Original Cyn in Phoenix, Arizona, who uses pearl in 80% of her designs.

"I'm seeing a lot of pearls [in

fashion], and I'm selling more," said Laura Barringer, senior buyer for Ben Bridge Jeweler, a Seattle-based chain. "[Customers] are interested in mixing and matching colors and shapes. I'm selling more 'fashion' pearls rather than the classic, simple bridal strand."

Nationwide, pearls have been a steady 2% of retail jewelry sales over the past five years, according to the Jewelers of America's Cost of Doing Business survey. In the above JCOC pearl survey, over half of respondents, 55.6%, said they owned pearl jewelry. Half of that number owned two to three pieces, and a surprising 79.2% said they owned something other

55.6% own pearl jewelry.
27.8% own 2-3 pieces.
79.2% own something
other than a strand.

than a strand.

Still, there's lots of room to grow, say industry leaders. While pearl sales are rebounding, pearl purchases trailed gemstones, metal, and diamonds this past Christmas season, according to the JCOC.

And despite over a decade of successful promotional programs, a sizable portion of the market is still unaware of Tahitian pearls, said Martin Coeroli, General Manager of Perles de Tahiti, an organization created by the government of French Polynesia specifically for the purpose of promoting Tahitian pearls. Coeroli cited the 2004 JCOC survey, which found that only 12% of pearl jewelry wearers own Tahitian pearls.

"Undoubtedly, more promotion is needed; more cooperation in the industry as well. We [speak] for a common task force of all pearl categories - South Sea, akoya, Tahitian,

freshwater - in order to commonly promote pearls in general against other competitive goods," Coeroli said.

Perles de Tahiti has implemented a three-pronged "Tahitian Pearl Quality Program with members of the CPAA, said Coeroli. The campaign began in 2001 with tighter Tahitian pearl inspection and licensing rules, which have reduced the volume of pearls marketed and increased the average value of exported pearls by 63% in U.S. dollars since 2003.

At the manufacturers' level, Perles de Tahiti wants "to set up common standards to select and register dealers for [cooperative] promotion." On the retail level, Perles de Tahiti is working with jewelry chain retailers and organizations to promote Tahitian cultured pearls, targeting all segments of the market, from baby boomers to generation Y.

Perles de Tahiti has proven its power by creating a pearl market for men.

"The Tahitian pearl link jewelry concept a circle pearl on a leather cord created last year, targeting the young generation [of] surfers, skaters, kites, snowboarders, [and] affordable at \$99, is a good example of what can be done to extend a mature market," said Coeroli.

Perles de Tahiti is also strategically marketing a rainbow of colors black, cherry, peacock, Tahitian gold, pistachio, ocean blue, gray rosé, and light gray to coincide with this year's high-fashion palette of black, white, and jewel tones.

While Perles de Tahiti expands the Tahitian pearl market, CPAA leaders concede they are hamstrung by limited financial resources.

That wasn't always so, said Asher. For decades, the Japanese

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"Scanning" from page 3

Hainan's future.

"In Chinese, we use two characters for pearl," says Wei Quan Liu, general manager of Haiyu Pearl. "The first one is for the pearl. The second one means 'treasure.' Since the first character represents the main meaning, in China we say that pearls are more valuable than treasure."

Pearls from Haiyu Pearl, like those from other pearl factories in the region, are exported to countries around the world, including Japan, Korea, Taiwan, the European Union, and the United States.

China's saltwater pearl industry is really a triangle of three provinces: Guangdong, Guanxi, and Hainan. Guangdong is the leader in saltwater pearl production, generating about 12 tons of pearls per year, with Guanxi a close second, producing approximately 8 to 10 tons. Hainan trails behind, yielding less than a ton of pearls each year. In fact, many of the pearls sold in Hainan's pearl shops probably come from Guangdong or Guanxi provinces.

Yet pearl culture permeates Hainan's lifestyle, much more so than in the other two pearl provinces. Maybe it's the tropical climate and the sapphire-hued South China Sea, with its miles of white sand beaches. Or it could be the coconut palms and vibrant ibiscus that line the wide boulevards and give the island a casual, laid-back feel. Pearls seem to be a natural extension of Hainan's character. While pearl sales alone are not a large part of Hainan's overall economy, they are inextricably linked to tourism, which is the number-one industry on the island.

What Hainan lacks in production quantity, it is seeking to make up in quality. With an annual average air temperature of 82.4°F and water temperature averaging 77°F, Hainan has become a prime research area for tropical marine life, including saltwater pearl oysters.

At the forefront of this research today is Professor Aimin Yang of Ocean College at Hainan University. This year, Professor Wang and his team received a five-year grant from the Chinese government to support their research on Hainan's pearl oysters. Their goal is to produce larger, faster-growing oysters that are more disease-resistant and produce higher quality pearls.

"In China, we produce many pearls, but they are often of poor quality," Wang says. He attributes this to two major factors: genetic stock and environment - too many oysters in too small an area. As a result, the oysters are small and weak, producing inferior pearls.

"We have three main objectives," he continues. "The first thing we are trying to do is to find ways

to improve the oysters' genetics by selective crossbreeding and hybridization. The second thing I do is to try to encourage the farmers to cultivate on smaller scale. To breed for quality, not quantity."

This second item has been met with some resistance from local pearl farmers. A number of small pearl farms are scattered along Hainan's coastline. The vast majority of these are operated by local people who equate more oysters with higher profits. Yet the effects of overpopulation are proving detrimental to quality, size, and output. As the positive results of Wang's experimentation become obvious, more of these farmers are receptive to modern oyster-farming techniques.

The third objective for Wang and his research team is experimentation with new methods of disease and parasite control, especially for *polychaetes*, a type of worm that bores into the oyster shell. Cement painting of the outer shell has proven the most effective method of prevention so far.

Most of Hainan's pearl farms grow akoyas and, to a lesser degree, South Sea pearls. One farm has attempted to produce black pearls, but with limited success.

"Hainan is an ideal place for research," says Wang. "It is a typical tropical marine area, and the oysters here grow faster than in Guangdong and Guanxi." This is significant when waiting for the results of hybridization experiments. Difficulties arise in producing large quantities of pearls, however. Annual typhoons during the summer months can wreak havoc on unprotected pearl beds. Last September, a typhoon swept through the island, and while it didn't directly damage the farms, the disruption of the environment and water temperature by the monsoon tides made the oysters more vulnerable to disease.

In 2003, Wang and his students began working on a project to cross-breed oysters from different geographical locations. They took akoyas from India, which are fast-growing with a pink nacre, and crossed them with the wild population in Hainan, which grows more slowly with a yellow nacre. The first-generation hybrid showed a nearly 50% increase in size, a promising increase in color, and higher-quality nacre. Some of the farmers in Guangdong and Guangxi have already asked Wang to supply the new hybrid.

Although jewelry is the most visible form of Hainan's pearl culture, cosmetics and medicine also play an important role. Jingrun Pearl Co. Ltd., Hainan's largest pearl factory, was the first in the

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area to begin mass marketing medicine and cosmetics using pearl powder.

Wang Hai of Jingrun Pearl estimates that 50% of their sales are non-jewelry products. Nearly all of Jingrun's cosmetic and medicinal sales are within China: only about 10% leave the country, and those are mostly to Hong Kong and Taiwan.

Jingrun Pearl's goal for the future is to develop new markets, especially in the health food area. They are currently running a major advertising campaign advocating the health benefits of pearl products. According to Wang Hai, "Our goal is to promote pearl culture and let it spread to the world."

The curative power of powdered pearl has a long history in China. Li Shi Zhen, one of China's great physicians and herbalists from the Ming Dynasty, compiled a 52-volume dictionary of herbs and herbal remedies, *Ben Cao Gang Mu*, which has been translated into over 60 languages. This work is still considered one of the cornerstones for traditional Chinese medicine. In it, he discusses pearl powder as a treatment for a number of ailments including insomnia, indigestion, and heart and liver problems. Today, pearl powder is a commonly-used remedy for colicky babies.

China has had a long-standing romance with pearls. Over 4,000 years ago, they were given as precious gifts to royalty, although there are no records of the Chinese themselves diving for pearls until the Song Dynasty, 960-1127 AD.

The acceleration of China's cultured pearl industry springs from former Chinese leader Deng Xiao Peng's economic reforms in 1978. China's coastal areas have benefited most from these reforms, reflected in the rapid advancements made in the pearl industry. In 1988, Hainan was established as China's largest special economic zone. The pearl, which is so wrapped up with China's history and mythology, is an apt symbol for this region's emergence as a major player in the world's pearl economy.

Source: Colored Stone

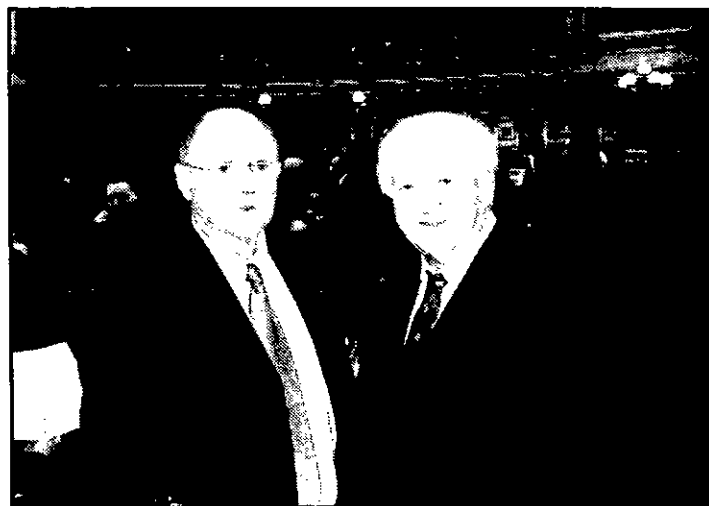
PHILIPPINES

Jacques Branellec, Managing Director of Jeweler International Corporation, was one of the privileged Frenchmen who was invited by the French Senate to join its celebration of the "First Day of the French Abroad" March 4th at the Palace of Luxembourg in Paris.

Never in the country's history has there been a

congregation of this kind; where the public is encouraged to hear, discuss and exchange ideas with French influencers abroad.

The nine witnesses shared their views on what encouraged them to leave France, how they lived their course and how they maintained the bond with France despite living abroad. This was released on television and retransmitted on line on the Public Senate.



Jacques Branellec with Sen. Robert del Picchia at the French Senate

Mr. Branellec is the incumbent vice president of the Alliance Francaise de Manille and one of the nine expatriate spokespersons coming from the five continents who were invited to a debate at the topic: "These French Who Succeed in the World."

The debate was chaired by France's Senate President, Christian Poncelet, and was attended by the delegates of the French Parliament as well as the twelve senators representing the French expatriate community overseas.

Mr. Branellec was recognized as the pioneer of South Sea pearl cultivation in the Philippines, and among the best examples of the successful Frenchmen in a foreign country.

"To be successful abroad, it is important that you are open-minded and willing to learn, so you can experience the best of both cultures. You must stay humble and understand that you don't know everything. You must be receptive for the knowledge that you can discover from other people, from their experiences, their culture-- whatever their educational background or social status is," Mr. Branellec explained.

At a time when the Philippines has been see-

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The new standard reference

If you have never heard of Elisabeth Strack, get your pen and checkbook or credit card out because you're going to be purchasing her book... finally out in English... right away.

If you do know Elisabeth, as many pearl aficionados who have gone on the famous "Pearl Walk" at the AGTA Show in Tucson do, it's a foregone conclusion: this book will be in your library.

The new standard reference book *PEARLS* is currently the most comprehensive of all publications on the jewels of the ocean around the world. This book offers a fantastic insight into five millennia of the history of pearls. The 676-page work is currently the most exhaustive publication on the varied and breath-taking world of ocean jewels. Numerous graphics, tables, exquisite photographs and detailed maps on more than 650 diagrams document the history of pearls from their former standing as jewels for kings to their role as modern jewelry.

Each important detail concerning the world of pearls is presented here in word and picture... ranging from the development and characteristics of cultured pearls and analysis and treatment methods through to indigenous areas or culture regions. It's an absolute must for industry insiders!

PEARLS represents the most thorough, systematic update of knowledge about pearls since Kunz & Stevenson published their classic *The Book of the Pearl* in 1908. Congratulations to Elisabeth Strack for the dedication, research and scholarship that underpins this significant contribution to the gemmological literature." Australian Gemmologist, Vol. 21 No. 6, April-June, 2002: Book Review by Grahame Brown, page 265.

Content: Natural pearls: Historical overview; Pearl-producing molluscs; Formation of pearls; Coun-

tries of origin; Freshwater pearls; Pearls from gastropods; Properties of pearls; Market and evaluation of natural pearls; Cultured pearls: Cultured pearls from Japan, China, North America and the South Seas; Other culture regions; Properties of cultured pearls; Imitations; Examination methods; Treatment and synthetic dyeing, etc.

Publication details: Hardcover • 696 pages • Size: 19.5 x 25 cm • 675 illustrations (18 charts, 42 maps, 17 illustrations, 609 color photos).

PEARLS is the most recent and ultimate book on pearls. With her new book, Elisabeth Strack presents a thoroughly researched reference book which excels by its systematic structure.

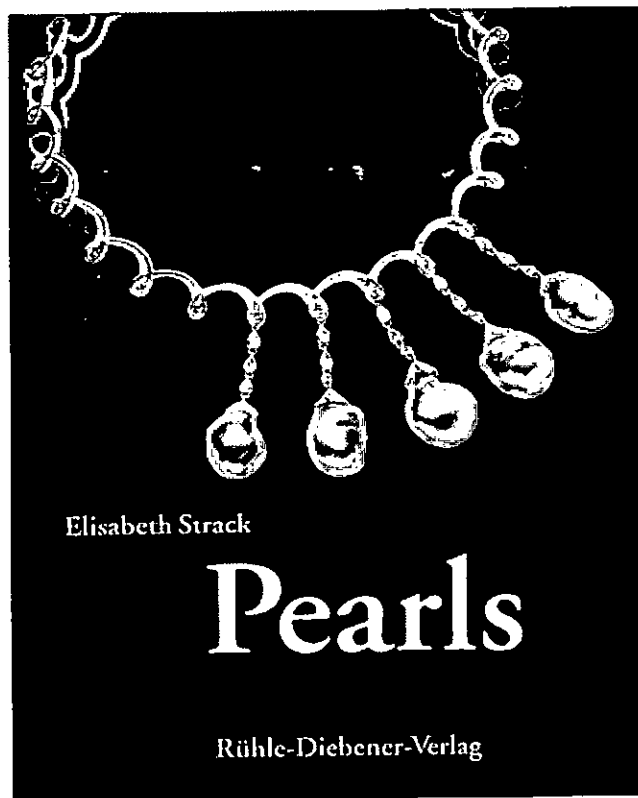
The first part gives an introduction into the history of pearls and provides for the first time a scientific overview on pearl-producing molluscs. The countries where pearls are found are systematically described, including European and American freshwater pearls and pearls from gastropods (Abalone, Conch and Melo pearls). A separate chapter is dedicated to large and famous Pearls and pearl objects.

The second part describes the beginnings and the development of akoya cultured pearls (Japan and China) and freshwater cultured pearls (Lake Biwa and Lake Kasumigaura in Japan and China). The major countries for white South Sea cultured pearls are pre-

sented in detail and a separate chapter is devoted to black South Sea cultured pearls (Tahitian cultured pearls) and South Sea keshi cultured pearls. All further countries in which cultured pearls have been produced so far are listed in a separate chapter, as for instance Iran, Mexico and Sudan.

The third part of the book lists methods of treat-

"Strack" to page 21



"Strack" from page 20

ment and artificial colouration, fakes and imitations and gives advice as to the correct nomenclature and testing methods. The two last chapters deal with the care and maintenance of pearls and show how a jeweller can successfully promote pearls himself.

The book finishes with seven indices and each major chapter is followed by literature references. The quality of the colored photographs, cartography, tables and illustrations is excellent.

The jewelry industry is already speaking of the "new pearl book event" as a source and reference book for decades to come.

The original edition was published in December 2001 under the title *PERLEN* by Ruhle-Diebener-Verlag, Stuttgart. The English translation is an updated book which includes new developments from the last four years.

Description: Elisabeth Strack (2006): Pearls. Ruhle-Diebener-Verlag, Stuttgart. 707 pages, 660 mostly color pictures, including 40 maps, 21 illustrations and 8 tables of pearl producing molluscs. Price: approx. US\$90 (overseas approx. US\$100), plus shipping... see next page.

Inquiries: Ruhle-Diebener-Verlag GMBH & Co. KG., PO Box 700450, D-70574 Stuttgart, GERMANY. Mailing address: Industriestrasse 4, D-70565 Stuttgart, GERMANY. Tel. XXX-49-711-976670. Fax: XXX-49-711-9766749. E-mail: rdv@gz-online.com. Internet: www.gz-online.com/welcome.cfm.

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"Choices" from page 17

government gave the U.S. pearl industry up to \$2 million a year for promotion, revenue from the Japanese inspections office. However, six years ago, the inspection office closed, and CPAA's revenue fell to a few hundred thousand dollars a year.

Today, the CPAA, which has about 50 dues-paying member manufacturers, relies on support from Perles de Tahiti, along with some Japanese pearl associations and Filipino producers. With limited funds, it can't afford large-market consumer ads, so the association has targeted retailers and provided them with local promotion materials.

"We're helping support our [manufacturer] members by giving them visibility to a retailer and helping the retailer by creating a campaign they can directly use in

their market to promote pearls," said Grenier. "We're not in a place to put ads in major magazines yet, but we have to create something to put in there first."

Some retailers say that the promotion is sorely needed.

"People are out promoting gold and platinum, but I haven't seen a lot in pearls," said Ben Bridge's Barringer. "The effort in advertising is to the trade It should be done directly to the consumer. That's ultimately where the sales are going to go."

"I don't see a lot of [pearl] industry ads directed to the consumer. I see a lot of manufacturer ads, like Honora ... The only thing I've seen [advertised] a lot lately is Tahitian pearls for men," said McCoy.

One area everyone agrees should be targeted is celebrity fashion.

"If Chanel shows pearls with

a collection, or Gaultier, it's going to have a presence in the market," said Strelau. "Someone is doing a good job putting pearls on TV actresses [like] the prissy redhead on 'Desperate Housewives'.... Oprah wears South Seas. The celebrities are wearing pearls. I suspect someone is doing it."

Ultimately, an invigorating mix of improved quality, enthusiastic customers, and educated retailers bodes well for the future of the U.S. pearl market.

"Ten years ago, the average retail store had a small inventory, usually the same prices," said Asher. Today, stores are giving a "good amount of space" to many different categories: freshwater, South Sea, and akoya.

"There's not a woman alive who doesn't look good in pearls," concludes Strelau. "You just need to put them on and show them." ♦

Source: *Colored Stone*

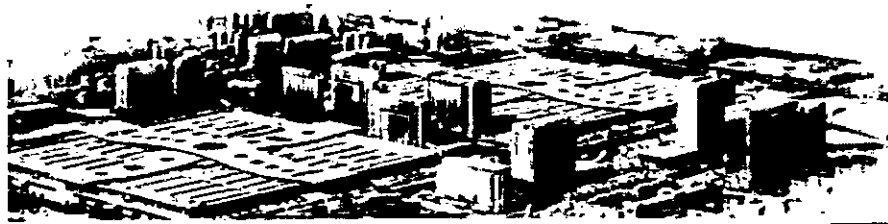
VIVA LAS VEGAS

Just back from the JCK and AGTA Shows in Las Vegas as this is being written, and with only a wee bit of room to report on same.

But we promise to provide a more complete review of what we saw in the next issue.

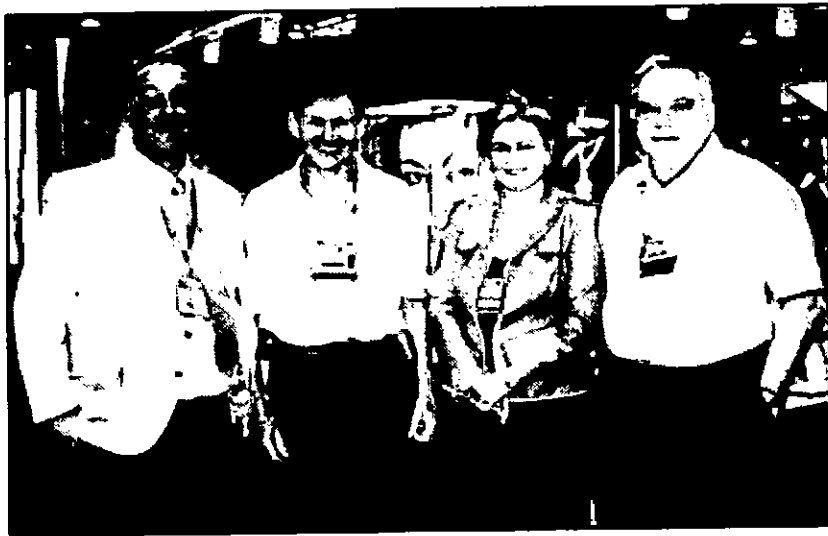
For now, these few words and few pictures of the major events that we were privileged to see or participate in shall have to suffice.

It was, overall, a most interesting JCK and AGTA show. Much more in the next issue. ❖



One of the premier events at the JCK Show was the unveiling of plans for China Pearls and Jewellery International City, located in Shanxiahu Pearl Processing Area, Zhuji, Zhejiang Province, PRC. Phase I of this project, scheduled to be completed next year, will have a total construction area of over 400,000 square meters. This project, a gigantic and fully-integrated international pearl and jewelry manufacturing, processing and trade center, is being jointly developed by the Man Sang Group from Hong Kong along with six other leading pearl companies from China.

Right: An old friend of many years, Tetsu Maruyama of C. Link International. He and his lovely wife had a bigger booth at a new location where they displayed their usual wares of high-end Chinese freshwater pearls. Of note were his new *ikecho*. These are bead-nucleated freshwater pearls, much like the Biwa of yore product... only better: rounder, smoother, with higher luster, and in a dizzying variety of whites and light pastels. Here, Tetsu holds up a sheet of large *ikecho*. They are not outrageous in price. And visitors were snapping them up at a high rate (a customer came by earlier and bought some \$20,000 worth of his *ikecho* at one fell swoop; we left with a small baroque necklace and a handful of small, round, smooth, concave coin pieces for earrings and pendants, too).



Left: two "old friends" of ours came together in a surprising merger: Eyris Pearls of New Zealand and Imperial, combining forces to offer a dazzling array of pearl jewelry with contrasting abalone blue mabé accents. Pictured (from left): Peter Bazar of Imperial, Roger Beattie and Christine Price of Eyris, and little (?) ol' me. It seems that Christine had come to the Tucson Show in early February, looking for a U.S. outlet for Eyris goods. Peter heard of this search and immediately started to dog Christine until he convinced her that Imperial would be a great match. Then he came back to East Providence, told his Dad, Banice, and was off to Christchurch and the Eyris farms to lock up the deal.

"Scanning" from page 19

ing negative publicity in the international media for its political issues, Mr. Branellec's presence in the French Senate was a welcome change. Mr. Branellec provided an alternative opinion that is based on his 28 years of experience in the Philippines. His was a success story that is grounded on collaboration, team spirit and synergy among diverse cultures.

He emphasized that "If you have a strong team and all of you are moving in the same direction, no adversity will be too hard to face. In the pearl farms, we have what we call the 'farm spirit,' a feeling of oneness with nature and with your fellow workers.

Life in the pearl farm is not an easy one. One must be ready to live an isolated life away from the urban areas and be ready to face the challenges that come with the process of nurturing a marine animal in a pristine yet volatile environment that may or may not return the favor. And when nature does return the favor, each harvest is a magical moment, a reward shared by everyone in the farm," he further revealed.

Mr. Branellec was awarded by the French government through Madame Renee Veyret, former ambassador of France to the Philippines, with the prestigious *Chevalier of the National Order of Merit* last February. This honor is the second highest civilian award being given by the French government to any citizen.

Other personalities were present also in the affair along with six French artists who are renowned in France and in their respective adoptive countries abroad, who came to present their oeuvres, paintings, sculptures and photographs.

March 4, 2006, was a milestone in France. With the theme "French from Abroad: A Chance for France," it marked the first time that influential French men and women who have found success in a foreign land gathered together at the Senate to exchange and discuss all subjects related to expatriation, and to share their experiences with their countrymen.

Article 25 of the 1958 French Constitution entrusts to the Senate the representation of the French from abroad. Throughout the day, the Senate opened

the doors of the Palace of Luxembourg to the public. Several activities were held, including round table discussions on the image of France in the world, a forum on how to prepare for expatriation, a bookshop with parliamentary reports and works answering questions on expatriation, and an exhibit of paintings, sculptures and photographs of French artists established abroad.

The First Day of the French Abroad celebration was held to answer three objectives: to inform the Senators and the public on the French presence abroad and the political representation of the French established out of France; to honor the 2.2 million French who live abroad and to recognize their contribution to the image of France; and to organize a venue for opportunities abroad such as jobs, training courses and employment. ♦



Jacques Branellec, Managing Director of Jewelm International and Marjorie Maristela, Public Relations Consultant of Jewelm at the Philippine booth at the French Senate

PEARL POPULARITY

Pearls have become the third major jewelry category after diamonds and plain gold.

This increased popularity is clearly demonstrated by pearl jewelry being bought at a 10% rate nowadays instead of the 2%-5% rate in the past.

But in mature markets, such as Japan, where consumers have a better knowledge and awareness of pearls, 17% of all jewelry sales involve pearl jewelry, creating a consumer market of some US\$1.2 billion yearly.

However, Japan, where the technique of pearl culture originated some 100 years ago, is no longer the world's number one pearl jewelry market. The U.S.A. has had that honor since 1999, enjoying an estimated pearl jewelry market of some US\$1.5 billion a year today. ♦

PEARL JEWELRY MARKET SHARE

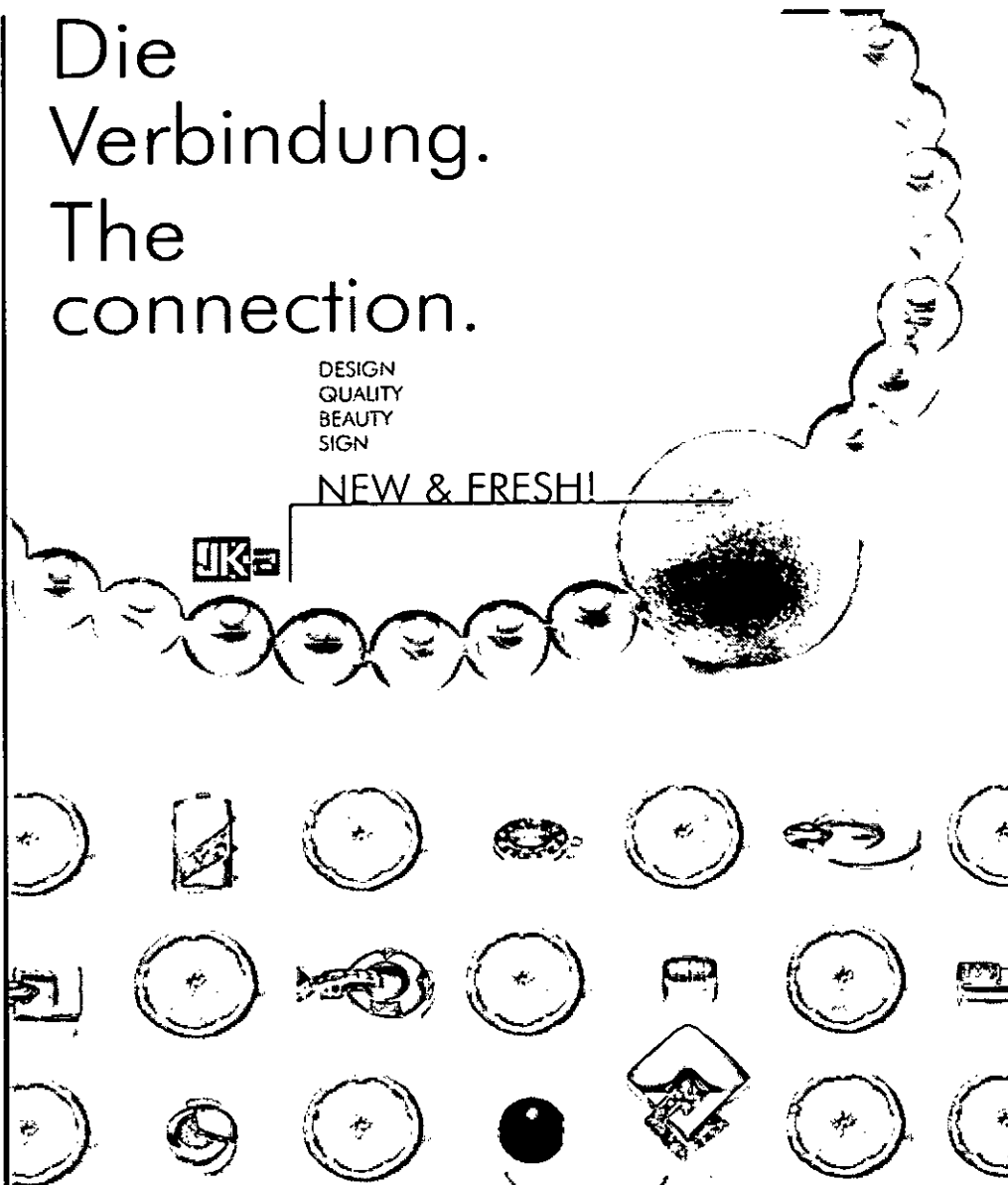
Country	Share	Value (US\$)
U.S.A.	30%	\$1.5 billion
Japan	24%	\$1.2 billion
Europe	18%	\$900 million
China	12%	\$600 million
S.E. Asia	10%	\$500 million
Others	6%	\$300 million
TOTAL	100%	\$5 billion

Sources: *Perles de Tahiti* newsletter, Golay's global pearl overview

Die Verbindung. The connection.

DESIGN
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BEAUTY
SIGN

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