

POE Vira Vira

"Lustrous Pearl" - A Pearl Industry Newsletter

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US pearl buyer returns in June

Representatives from Imperial-Deltah Pearls will now return on 8 June to look at and buy more pearls from the current harvest.

Peter Bazar, President of the company was in Rarotonga last month (13-15 March) to discuss with CIPA and farmers future marketing and distribution arrangements for Cook Islands pearls into the US market. This was given extensive coverage in our last month's issue.

During his last visit, Mr Bazar made a trial purchase of over \$260,000 worth of pearls (rounds, semi-rounds, semi-baroque and some circles. The return visit has been

deferred from the third week of May to early June because it clashed with the premier Jewellery Fair in Las Vegas.

Depending on quality and price negotiations, it is expected that Imperial-Deltah will be interested at buying a much larger volume of pearls from the current harvest.

CIPA will be coordinating the negotiations with Imperial-Deltah.

Farmers who are interested in taking advantage of this opportunity are asked to contact CIPA in Rarotonga in order to confirm quantity of pearls available, grading and when to bring them down to Rarotonga. CIPA

Final certification for seeding cadets

The final certification for the remaining students who have gone through the basic pearl seeding course is scheduled for sometime next month when their tutor, Berni Aquilina, returns to Manihiki for two weeks.

There are 18 students remaining who have not been certified and all, except for about 5 students who are off island, are expected to graduate.

To date, five groups of local students totaling 37 have undertaken the basic course which started five years ago.

Although 19 have graduated, many of them have left the Cook Islands for various reasons.

As reported in our February issue, Phase 2 will start shortly under the supervision of MMR.

This will provide follow-up training to raise the technical competency and experience of the local student technicians to a level where pearl farmers will have confidence in using them instead of relying on expensive and hard-to-get foreign technicians. CIPA

Constitution for new farmer's association

A draft constitution for the formation of the new Manihiki Pearl Farmers Association was taken to Manihiki last week by Temu Okotai, chairman of the work group elected by farmers in February to organize the establishment of the new body.

The draft constitution and by-laws were prepared by

MMR's legal counsel, Peter Graham.

The association will be incorporated after these are discussed and adopted by farmers.

The association will be electing its first office bearers in readiness for the formal start of the association. CIPA

Management training for local tutor

Taromi Solomona from Manihiki recently returned from a three-weeks management training workshop in Samoa which was organized by the SPC. She was nominated to attend by MMR.

The workshop focused on training tutors who will then train others in a number of management areas such as business plans, budgets, tax, loan applications, and other areas.

One of the problem areas

that CIPA is trying to address is providing small business and management training to pearl farmers aimed at improving their skills in managing their farms as a business.

Taromi's training and skills she acquired at the workshop will be, on her return to Manihiki, a big help to CIPA in running workshops for farmers as well as assisting in continuing with the benchmark survey that was started last year. MMR

Manihiki pearl harvest

The first pearl harvest season for 2007 (April-May) has been under way for some weeks and reports to hand indicate that the quality of pearls is very good. This follows a similar outturn last year.

This is great news for the industry. Firstly, it confirms the improving environmental condition of the lagoon and, secondly, it generates increased confidence and incentive to farmers to increase production. CIPA

Rakahanga pearl harvest

The recent harvest from the Rakahanga Ekalesia farm yielded 6,745 pearls. These were brought down to Rarotonga for grading and valuing.

Unfortunately, the crop

was of average quality with a high number of the low-value circle and baroque pearls.

Pearl quality from past harvest continues to be unsatisfactory due to poor farm management. CIPA

Pearl Overview—by Golay

Golay is one of the world's largest and renowned pearl dealer and jeweler. This article is reprinted courtesy of "Pearl World" journal.

MARKET OVERVIEW

2002—2004 were lean years but the pearl industry recovered in 2005, with the upward trend continuing into 2006.

2006: producers reported stronger sales at farms and in auctions. Wholesalers also reported improved sales to retailers during major trade fairs and day-to-day transactions. After years of cutting back on stock, most wholesalers were rebuilding stocks in view of the firming of pearl prices and the higher turnover.

Pearl prices up

Pearl prices started to climb in the last quarter of 2004 through 2006, and further increases have continued this year.

The various major pearl auctions on South Sea pearls and Tahitian pearls from March through September of 2006 showed price increases varying from 10% to 40% compared with 2005 levels. These increases are particularly remarkable in the commercial qualities.

Prices of akoya pearls, notably in the first grade pearls, also registered a rise between 5% and 10% during the hamaage (raw pearls) auctions in Japan in early 2006. Medium to good quality akoya pearls (9mm and above) commanded higher prices than previous years.

Chinese freshwater pearls, after years of drastic price drops and fluctuations, also showing a bottoming-out for the lower qualities, and a firming-up for prices of higher qualities. Some categories of fresh-water pearls, such as top-quality rounds and near rounds of all sizes, nice baroques from 8mm upward, and nice quality pearls above 10mm in all shapes, experienced a significant price hike.

Categories and qualities in strong demand

- White South Sea pearls (8mm to 12mm) in commercial to fine quality
- South Sea baroques of all sizes
- Golden South Sea pearls of various

qualities, and champagne South Sea pearls of high luster

- Round and drop-shaped Tahitian pearls from 7mm up
- Large size Tahitian pearls (12mm and up) of good quality (15mm up are in acutely short supply)
- Tahitian *keshi* pearls and Tahitian baroques
- Tahitian pearls in treated chocolate color
- Akoya pearls of good nacre and luster 7mm to 9mm
- Round to near round freshwater pearls of all sizes
- Freshwater pearls in baroque shapes and large sizes from 8mm up
- Freshwater pearls in fancy shapes: petals, coins, sticks, spikes, crosses, tubes
- Multicolor necklaces with large baroque pearls 12mm up: mixing South Sea, Tahitian and fresh-water pearls
- Long pearl sautoirs (80cm, 120cm, 150cm or more) of fresh-water pearls (white or multicolor) or small Tahitian pearls of mixed shades of silver grey and black

Production overview

- World pearl production value increased 7% in value in 2005 versus 2004
- World pearl production value in 2005 returned to the 2001 level, at US\$640 million
- South Sea production registered record harvests in 2005
- South Sea pearls took a lion's share of 37% of the total production value
- Tahitian pearl production came under control: volume was down; export value surged
- Akoya's 2005 production registered a slight decline in volume and in value
- Freshwater pearl production increased in volume and proportionally in value

While the market demand recovered in 2005-2006, the production of some categories of pearls came down in 2005-2006 compared with the years of 2002, 2003 and 2004... namely, the exports of Tahitian cultured pearls and the production of

akoya cultured pearls. The production of South Sea cultured pearls, however, saw a record increase, while the production of freshwater cultured pearls in China stood at high levels.

South Sea production volume reaches record high

2005 marked a historic year for the development of the South Sea pearl industry. It was in 2005 when the production of South Sea pearls registered a spectacular expansion, about a 25% increase in volume. For the first time in the history of cultured pearls, the annual harvest of South Sea pearls surpassed the supply of black pearls.

The total production of South Sea pearls in 2005 was estimated at between 9 tons (conservative estimate) and 10 tons (less conservative estimate), with an estimated value of US\$236 million.

Australia and Indonesia remained the top two producing countries, although the Philippines also contributed to the significant increase in South Sea harvests. The fully exploited usage of hatchery oysters and the solid financial base of established producers in producing countries -- namely Australia, Indonesia, the Philippines, Myanmar -- turned South Sea pearls into the leading cultured pearl category, taking a lion share of 37% of the total pearl market value in 2005.

Tahitian pearl value rebounded

The supply of Tahitian pearls came down after the peak

annual production of over 10 tons in the years 2002 and 2003. Annual exports dropped to 8.5 tons in 2004 and further down to 8.1 tons in 2005. The reduced supply in quantity was the fruit of a series of government regulatory measures imposed on upholding the quality and market value of the Tahitian pearl. This reform yielded positive results: export values rebounded to US\$115 million in 2004, followed by a consecutive rise to US\$126 million in 2005 (compared with US\$95 million in 2003 when production peaked). In 2006, the value continued to climb for Tahitian pearl exports. The black pearl industry (Tahitian pearls as well as black pearls cultivated in other regions) had an overall estimated value of US\$125 million, which represented around 20% of the total pearl market value.

Slight decline in akoya pearls

The akoya pearl production dropped in both Japan and China, and farming attempts in Vietnam and Eastern Australia even today are yet to yield commercial quantities. In Japan, production dropped slightly to between 22 and 24 tons in 2005, from over 25 tons in 2004. The annual Chinese akoya production dropped from 15 tons to 10 tons. Nonetheless, the akoya pearl industry remained a major pearl category, with a 2005 production value of US\$128 million, taking another 20% of the total pearl market in value.

Pearl Production	Volume 2005	Value 2005
White South Sea pearls	10 tons	US\$236 million
Black South Sea pearls *	8.5 tons	US\$125 million
Akoya (Japan)	24 tons	US\$120 million
Akoya (China)	10 tons	US\$8 million
Freshwater pearls (China)	1,500 tons	US\$150 million
Total	1,552.5 tons	US\$639 million

* 8.3 tons Tahiti

Pearls of Wisdom?

The 4th International Gemological Symposium, organized by the Gemological Institute of America (GIA), was held in August 2006 in San Diego, USA. Some of the world's leading personalities in the pearl business were speakers at the Symposium. Reprinted below, courtesy of the "Pearl World" journal, are extracts from the presentation of three of these speakers.

Nicholas Paspaley

Executive Chairman, Paspaley Pearl Co. Pty. Ltd., Darwin, Australia

Over the last 50 years, the cultured pearl industry has undergone a significant transformation. It has moved from a period when Japanese and, later, South Sea cultured pearls were effectively the only cultured pearls in the marketplace to the situation today, where a large variety of cultured pearls is available from many different localities and of many different types.

The competition for market share between gem producers as well as between different pearl types is fierce. At the same time, there are significant gaps in the expertise required to grow pearl oysters and conduct pearl farming compared with many other fields of knowledge. There are very few experts today possessing a broad knowledge on a comprehensive range of pearl and pearl farming issues.

The challenge for the South Sea cultured pearl industry today is twofold: to produce pearls of a superior quality, on the basis of which they can be differentiated in the wider pearl market, and to improve the level of knowledge and understanding of pearls in the marketplace.

Robert Wan

Robert Wan Pearls, Tahiti, and Chairman, Perles de Tahiti

The meteoric rise in popularity of the Tahitian cultured pearl in the 1980s triggered a veritable boom in the industry. For many years, this market demand made pearl

farming a lucrative endeavor, but the industry reached saturation point in the year 2000.

Flagrant overproduction and lax quality control, combined with a slowdown in the world economy, meant that the Tahitian pearl industry suffered a serious setback. Suddenly, pearl farming was no longer a viable activity.

According to the official figures from the French Polynesian Pearl Culture Bureau, this glut caused many pearl farms to close and others to consolidate.

In only seven years, the number of pearl farming operations decreased from 2,700 registered in 1998 to only 800 remaining in activity at the end of 2005... half of them shell producers, the other half pearl producers.

Drastic measures had to be taken to ensure stable production and a quality standard for the Tahitian cultured pearl.

Consequently, the French Polynesian Government established the Pearl Culture Bureau in 2001. The aim of this organization was to enforce strict quality controls and production regulations on the supply side of the equation. These included the following measures:

- Limit the number of pearl farming concessions
- Limit the number of production and export licenses
- Shut down pearl culturing activity in certain lagoons
- Establish a firm classification system aimed at ensuring that only a high-quality product enters the world market
- Impose a strict control on

minimum required nacre thickness for all exported cultured pearls

- Destroy all rejects to prevent their commercial use.

All these regulations, combined with an effective marketing program conducted by the non-profit GTE Perles de Tahiti, resulted in marked increases in the total value of Tahitian cultured pearl exports of 14 percent in 2004 and 16 percent in 2005, accompanied by trading price increases of 30 percent from 2003 to 2004 and 20 percent from 2004 to 2005.

Confidence has been restored to the market, and production in 2006 has to date remained stable.

Meyer Hoffman

Executive Vice-President and Chief Operating Officer, Mikimoto (America) Co. Ltd., New York.

Over the years, the retail landscape has undergone many changes. Consumers have become savvier and more demanding, retailers have created an "environment" or buying experience to attract these sophisticated consumers, and manufacturers and suppliers have developed appealing "brands" to set themselves apart from the competition. The most prominent examples can be found in the apparel industry, where leading fashion designers have truly captured the hearts and wallets of the high-end consumer with strong brand identities and distinct product assortments. More recently, apparel retailers have created their own brand significance by setting themselves apart from the high-end fashion world with innovative store con-

cepts and individually developed product lines.

These examples are not, of course, unique to apparel; they extend across most industries, including cultured pearls. Although it has evolved over the years, this industry will only remain relevant as long as companies create distinct brand experiences that appeal to a discerning consumer. This is not limited to the high end, as it extends across all price points.

Companies must clearly define and market their brand essence, strive for differentiation, and target their audience with precision.

Defining one's brand essence can take many forms, but it must remain clear and consistent over time. There are many examples of established Houses that have successfully reinvented themselves, such as Burberry, as well as newly created brands that are aggressively targeting Generations K and Y, like Abercrombie & Fitch.

Creating differentiation is crucial for today's retail environment. There are too many look-alike products or generic copies that offer no added value and, consequently, are not appealing to an affluent audience. In today's highly competitive marketplace, where product life cycles are getting shorter, it is imperative that successful brands strive to create a point of difference.

Finally, attracting a well-defined audience will ensure that companies achieve increasing sales and sustain a profitable business model. Generational marketing, including psychographic profiling, is one aspect of defining and attracting the most appropriate audience for your product.

Famous Pearls of the World – part 1

[The Imperial Hong Kong Pearl](#)

The Imperial Hong Kong Pearl is one of the largest and most valuable Pearls ever found. Formed in *Pinctada Maxima* this Natural South Sea wonder measures 26x39mm and weighing a staggering 127.5 ct or 25.5 grams.

The Pearl's origins are unclear; it is believed to have once belonged to the Royalty of China and purchased by Imperial in Hong Kong in the 1940s. The Pearl is set in a Platinum and Diamond Pendant

[Abernethy Pearl](#)



The Abernethy pearl is perhaps the most famous and perfect Scottish freshwater pearl, weighing 44 grains, collected by Bill Abernethy in the Tay River in 1967. The Abernethy pearl is also called the Little Willie pearl.

[Arco Valley Pearl](#)

The Arco Valley pearl is baroque in shape, 575 carats, white with pink and brown hues. Offered by Marco Polo to Khubilai Khan, emperor of China.



[Pearl of Asia](#)
One of the largest natural pearls in the

world, the Pearl of Asia—600carats—first surfaced in 17th century India. After the siege of Delhi it became the property of the King of Persia (present-day Iran), who in turn gave it to Chinese Emperor Qianlong. In China it was thought to bring happiness and good fortune.



[Black Beauty](#)

Black Beauty (6.5 carats) hails from the South American shores of the Caribbean or Equador, a region that has produced many fancy colored pearls. This well formed, button shaped natural pearl illustrates a blend of bright colors, orient, and high sheen, making it one of the finest natural black-

colored pearls known.

[Big Pink Pearl](#)

The Big Pink pearl is the largest known natural abalone pearl, weighing 470 carats and baroque in shape. Owned by Wesley Rankin, a diver in Petaluma, California. listed in the Guinness Book of Records and valued in 1991 at \$4,700,000.



[Drexel Pearl](#)

The Drexel Pearl — 33.8 carats— (lower pearl) is named after Mary S. Irick Drexel, an early-20th-century American philanthropist. The symmetry of this natural Polynesian pearl, the subtle gray color, and the orient of its smooth surface make it extremely rare. It is set in a Belle Epoque pendant-brooch by Cartier of America

[Dudley Pearl](#)
The Dudley pearl is a large black pearl fashioned into a brooch and sold by Fred Leighton to Jane Wrightsman.

[Eugénie Pearls](#)

The Eugenie pearls are a large jewel collection from the French Crown Jewels and later auctioned at the Palace of the Tuileries in 1887. Many had been purchased by Napoleon Bonaparte for his wives Josephine and Marie Louise. Also see the Queen Pearl.

[Gogibus Pearl](#)

The Gogibus pearl is 504 grains (126 carats), pear-shaped, and found off the West Indies. Purchased from the merchant Gogibus by Philip IV of Spain in 1620, it was the largest pearl in Europe at the time. Gogibus reportedly wore the pearl as a button on his cap.

[Hope Pearl](#)

One of the largest pearls in existence is the Hope Pearl. The Hope pearl is a white drop-shaped freshwater blister pearl of 1,800 grains (450 carats or 4 oz). One of the largest salt-water pearls in existence, the Hope Pearl was first acquired by Henry Philip Hope in the 19th century. It is on display at the



British Museum of Natural History.. The Hope Pearl is now capped by a kind of crown forming a pendant.

[Huerfana Pearl](#)

The Huerfana pearl, meaning "The Orphan," was collected in the Gulf of Panama, and is part of the Spanish Crown Jewels. Reputed to have been found loose in a shell bed and not in an oyster. Noted for its large size, beautiful luster, and perfect shape, the pearl was briefly owned by Isabel de Bobadilla, the daughter of the man who sent Columbus back in irons.

[Jomon Pearl](#)

The Jomon pearl of Japan is the oldest known extant pearl, dating back 5,500 years.

[Pearl of Kuwait](#)

(64.4 carats). Loaned by Symbolic and Chase. Little is known about this pearl's history, but its silky luster and white body color

recall the classic appearance of natural pearls from the Persian Gulf. Based on the intricate bell cap design, this exceptional pearl was set in the 19th century and most likely suspended from a multi-row necklace

[La Pellegrina Pearl](#)

The La Pellegrina pearl, meaning "The Incomparable", is 111.5 grains in weight, perfectly spherical, and of silver color from South America. Brought to Russia from India in the 18th century. Once part of the Spanish Crown Jewels, this pearl is now lost. Sold by Christie's Geneva in 1987 for \$463,800. Originally called the Zozima Pearl.

[La Peregrina Pearl](#)

The La Peregrina pearl, meaning "The Pilgrim", is a large pear-



shaped white pearl of 203.84 grains discovered in Panama in mid-16th century and brought to King Phillip II of

Spain who presented it as a wedding gift to his wife, Queen Mary. Later it belonged to Queen Margaret of Spain as well as Joseph Bonaparte, King of Spain. Later it was acquired by the British Marquis of Abercorn from the son of French emperor Napoleon III.

It was purchased in 1969 for \$37,000 by actor Richard Burton for his wife, Elizabeth Taylor, who still owns it. A few years ago, the actress lost the pearl. After a frantic search, the precious gem was finally found in the mouth of her pet dog.

[La Régente Pearl](#)

The La Régente pearl is a large (337-grain), natural oval pearl bought in 1811 by Napoleon for his second wife Empress Marie Louise for her tiara. Sold at auction in 1887 along with most of the French Crown Jewels to Russian jeweler Peter Carl Fabergé. It was sold by Christie's Geneva in 1988 for \$859,100.

[Mancini Pearls](#)

The Mancini pearls are large drop-shaped pearls fashioned into earrings and originally part of the collection of the Florentine ruling family dei Medici. Brought to France by Maria dei Medici when she married Henry IV in 1600. Passed to Maria's daughter, Henrietta Maria, on her wedding to King Charles I of England. Sold by Christie's Geneva in 1969 for \$333,000.

(Continued next issue)

Source: *Imperial-Deltah;*
www.pearls.com

Publisher's Note

"Poe Vira Vira" means "*lustrous or shiny pearl*" in the Manihiki/Rakahanga dialect. The newsletter is published monthly by the Cook Islands Pearl Authority [CIPA], in association with the Ministry of Marine Resources [MMR] as an information service for the benefit of pearl farmers and stakeholders in the industry.

For further information, contact CIPA at:
Phone—29055; Fax—29045; pearlinfo@pearlauthority.co.ck