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FOURTH MEETING OF THE INTERGOVERNMENTAL
COMMITTEE OF EXPERTS (ICE)

PRETORIA, REPUBLIC OF SOUTH AFRICA
24-28 MARCH, 1997

REPORT ON A WORKSHOP ON GEMSTONE DEVELOPMENT
AND MARKETING STRATEGIES IN
EASTERN AND SOUTHERN AFRICA

INTRODUCTION

1. The Ad Hoc Expert Group Meeting on Gemstone Development and Marketing Strategies in Eastern and Southern Africa was held in Windhoek, Namibia, from 31 July to 3 August, 1995. It was convened in accordance with the programme of work and priorities of the Lusaka-based MULPOC for the biennium 1994/95, approved by the Twenty-Eighth Session of the Commission/Nineteenth Meeting of the ECA Conference of Ministers responsible for Economic Planning and Development.

ATTENDANCE

2. The meeting was attended by the following member States of the Lusaka-based MULPOC: Botswana, Kenya, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. These member States comprise the major gemstone mining countries in the subregion. Although invited, Madagascar was unable to attend on account of logistical difficulties.

3. In addition, a number of private and public sector-based operators in the gemstone industry of the member States attended. A full list of participants is attached to the report as Annex I.

Opening of the Meeting (Agenda Item 1)

4. The meeting was officially opened by Hon. Andimba Toivo Ya Toivo, Minister of Mines and Energy in the Republic of Namibia. Hon. Toivo Ya Toivo welcomed all the participants to Namibia and wished them a most enjoyable stay and a successful meeting. He particularly thanked the Lusaka-based ECA/MULPOC for both organising the meeting and selecting Windhoek as its venue.

5. Hon. Toivo Ya Toivo noted that the Eastern and Southern African subregion was well endowed with a wide variety of gemstones and yet the industry in each of the member States was largely disorganised while marketing was uncoordinated and often illegal. He pointed out that various member States had attempted to implement different solutions including restricting marketing to state agencies. On the other hand, countries like Namibia allowed free competition in both mining and marketing operations. Despite these efforts, gemstones were still exported outside the subregion at a fraction of their market value resulting in loss of government revenue.

6. The Minister stated that in Namibia, the contribution of gemstones to export revenue was insignificant compared to that derived from diamonds. Nevertheless the government had a keen interest in the sector because of its relatively high potential in employment creation, loss of revenue through illegal exports and the missed opportunities to add value locally due to the export of rough stones. As a result, the Namibian Government and especially the Ministry of Mines and Energy, was seriously considering means to create a favourable environment, particularly for small scale miners, to mine, beneficiate and market their products more effectively. In this respect, a number of donor funded projects had already started.

7. In conclusion, Hon. Toivo Ya Toivo reminded the meeting that many seminars and workshops were held with lengthy deliberations but with little actual results. Due to the importance of the gemstone industry in the subregion, he urged the member States present at the meeting to give serious consideration to the resolutions of the meeting. He finally wished the participants frank and healthy discussions and successful conclusions to the meeting.

8. On behalf of the participants, Mr Lisani Ndaba, Principal Government Mining Engineer in the Ministry of Mineral Resources and Water Affairs, Republic of Botswana, thanked the Minister for his opening statement and added that his presence at the meeting reflected the commitment that the Namibian Government and the Minister himself attached to the Gemstone industry. Mr Ndaba also thanked the Minister for the outstanding hospitality and warm welcome accorded to all delegates since their arrival in the scenic city of Windhoek.

9. Mr Ndaba underscored the crippling difficulties facing the gemstone industry highlighted by the Minister, particularly those associated with disorganised mining, the human and environmental risks and the economic disbenefits of the illegal gemstone trade. He noted the Minister's advice that meaningful and implementable solutions to these problems could only be achieved under an atmosphere of frank and honest discussions. Mr Ndaba added that the member States of the subregion shared similar concerns. He was therefore optimistic that the delegates would do everything possible to give serious consideration to the resolutions of the meeting.

10. On behalf of Mr K.Y. Amoako, the ECA Executive Secretary, Mr Samuel A. Ochola, Senior Economic Affairs Officer at the Lusaka-based ECA/MULPOC, expressed appreciation to the Government and the people of the Republic of Namibia for hosting the meeting and for the warm hospitality extended to the delegates. He further thanked Hon. Andimba Toivo Ya Toivo, Minister of Mines and Energy, for his presence at the meeting despite his many other pressing engagements, and for the words of wisdom which were certain to be a source of inspiration for the subsequent deliberations.

11. Mr Ochola reminded the participants that despite the subregional gemstone wealth, the term "gemstone" evoked images of smuggling, illicit mining and other secretive activities which led to loss of income to both the miner and the State. Due to this and the other problems afflicting the sector, the member States had requested the ECA/MULPOC to undertake an in-depth study of the industry. Due to the importance of the industry in generating revenue for other mining sectors, the MULPOC had treated the study as a top priority.

12. Mr Ochola noted that the results of the study had pointed to deeper problems related to uncoordinated mining operations, ill-developed skills, little or no marketing information and a discriminating legal and fiscal environment. The Intergovernmental Committee of Experts of the Lusaka MULPOC had reviewed the study report and directed the MULPOC to assemble the major actors in the industry so that they could collectively formulate sound strategies for the survival of the industry.

13. In this connection, Mr Ochola outlined the major tasks of the workshop as threefold: a candid discussion of the problems confronting the industry; proposal of modalities and strategies for overcoming these; and formulation of a framework for cooperation and exchange of information to guarantee effective operation of the sector. He assured the participants that the Lusaka MULPOC, would on its part, offer advice and participate in the member States individual and collective efforts. Indeed promoting economic cooperation and integration was the raison d'être for the MULPOC family of ECA. In the same vein, he challenged the Intergovernmental Organisations in the subregion to be a crucial part of this collective effort.

14. In conclusion, Mr Ochola paid tribute to the Ministry of Mines and Energy for the excellent arrangements, which he said augured well for a productive meeting.

Election of Officers (Agenda Item 2)

15. The meeting elected the following officers to the Bureau:-

Chairman	:	Mr Andreas G. Palfi, Namibia
Vice-Chairman	:	Mr Godwin M.H. Nyelo, Tanzania
Rapporteur	:	Mr Vincent Silubunga, Zambia

16. Upon assuming office, Mr Palfi thanked the delegates for electing him and the other members to the Bureau and assured the meeting that they would do their best to fulfil the objectives of the meeting.

Adoption of the Agenda and Organisation of Work (Agenda Item 3)

17. The meeting adopted the following Agenda:

1. Opening of the Meeting

- (i) Introductory remarks by the Lusaka MULPOC
- (ii) Statement by the Minister of Mines and Energy of the Republic of Namibia
- (iii) Vote of thanks
- (iv) Statement of the Director of the Lusaka MULPOC

2. Election of Officers

- (i) Chairman
- (ii) Vice-Chairman
- (iii) Rapporteur

3. Adoption of the Provisional Agenda and Draft Programme of Work
4. Report on Gemstone Development and Marketing Strategies in Eastern and Southern Africa (ECA/MULPOC/LUS/ICE/III/9)
5. Reports of Member States
6. Reports of Private Operators and Associations
7. Recommendations of the Meeting: Strategies for Enhancing the Development of the Gemstone Industry.
8. Any Other Business
9. Closure of the Meeting

18. The meeting agreed to work from 08.30-12.30 hours in the morning and from 14.00-16.30 hours in the afternoon.

ACCOUNT OF PROCEEDINGS

Report on Gemstone Development and Marketing Strategies in Eastern and Southern Africa (Agenda Item 4)

19. A member of the Lusaka MULPOC presented the report ECA/MULPOC/LUS/ICE/III/9 describing the gemstone industry in the subregion. The report outlined the rich resource base of gemstones and the mining and processing operations practised in the subregion. The operations were predominantly at artisanal and small scale levels and faced numerous constraints, which included a lack of technical and managerial expertise, and access to mechanical equipment. This resulted in the use of unsystematic and labour intensive mining methods which were wasteful and a danger to the

lives of miners and the environment. The manual intensity of the methods also ignored the recovery of by-products and promoted pilferage of gemstones.

20. The report further described the main marketing arrangements currently used and the fiscal and economic environment in which the gemstone industry operated. It noted that gemstones were sold primarily through state-owned companies and private dealers. Availability of quality stones was, however, a major problem due to a presence of illegal middle men. Information unavailability on prices and a paucity of gemstone grading skills contributed to a high level of ignorance and myths in the industry. Although measures to improve the legal, fiscal and economic climate had been undertaken in a number of countries, these still favoured the larger scale mining houses at the expense of artisanal operations. The technical nature of the reporting structures, the inability of artisanal miners to guarantee future income streams, and the lack of stable financial markets all worked against the artisanal miner.

21. The report underscored the need to upgrade the mining operations and skills of artisanal miners by providing technical extension services and short-term courses structured to the needs of the miners. It further recognised that increased levels of publicly funded research were necessary to increase chances of locating gemstone deposits. Marketing arrangements needed to be transparent, and remunerative, with adequate information flow on world prices for the various gemstones. The legal and fiscal structures needed to recognise the peculiar difficulties faced by artisanal miners. In the longer term, gemstone miners needed to be encouraged to run as normal business entities. Miners were further encouraged to form associations to lobby for improvements in the marketing, legal and fiscal conditions.

22. With respect to government mining departments the report recommended their strengthening so that they could effectively monitor mining operations and store technical and economic data in readily retrievable forms. From a subregional view point, joint fairs could be held to create more appeal to the international gemstone trader. The report further emphasised the need to promote dialogue amongst member States to curb smuggling, share training facilities, promote cross-border investment and skilled manpower mobility, and enhance collaborative research and development. The report suggested that the ECA/MULPOC should play an enhanced role with thematic studies and harmonisation of policies among member States.

23. The meeting commended the Secretariat for a thoroughly researched study. In the ensuing debate, the meeting recognised that the problems of the gemstone industry were many and varied. From a geological viewpoint, lack of statistical data compounded the geologist's chances of locating gemstone deposits while production data was highly inadequate. The meeting resolved that there was need for some regional centre to act as a focal point for data collection and possible selling point. Such a regional centre could be funded from income derived from organising international gemstone shows. The meeting further noted that the regional centre needed to be located in an environment which allowed for liberal movement of foreign exchange and gemstones. The meeting suggested that the regional centre would need an association in order to be run effectively. At the national level, there was need to form gemstone associations to address many of the problems faced by miners and improve information flow.

24. From a marketing viewpoint, the meeting agreed that although an inter-country gemstone show would be a step in the right direction, there was need to evolve a continuous marketing arrangement. This could be achieved by utilising international

contacts made during the show. The legislative aspects needed to address the issue of tenure of mineral rights. Although privatising the rights was recognised as a potential solution, the main issue was the guarantee of the mining leases in such a manner that they became tradeable instruments for diversifying equity or for use as collateral.

25. The meeting further agreed that technical support services were inadequate primarily due to limited government funding of mining departments. There was need to improve support to the industry through increased incentives to the industry and the use of government officials who understood the intricacies of the gemstone business. Support services also needed to be decentralised to the mining regions to avoid bureaucracy and lengthy travel by miners to Ministry headquarters. The meeting suggested that value enhancing processing methods such as heat treatment should be included in publicly funded research activities.

26. The meeting noted the contents of the report and requested the secretariat to continue assisting the member States with further in-depth studies on aspects of the gemstones industry and with the implementation of some of the recommendations of the meeting.

Reports of Member States (Agenda Item 5)

Botswana

27. A representative of the Government of Botswana summarised the status of the gemstone sector of that country. He said that although there were no gemstone bearing pegmatite deposits in Botswana, the country had a variety of semi-precious stones, mainly

of the agate group. These were confined to one area in the Bobonong sub-district and were "mined" by hand-picking because they were located on the surface. The agates were processed by tumbling and polishing after which they were exported to South Africa. He added that legislation required all semi-precious stones to be processed before export.

28. The delegate further explained that all gemstone activities were regulated through the Precious and Semi-Precious Stones (Protection) Act and any person dealing in semi-precious stones was required to possess a Semi-Precious Stones Dealers Licence (SPSDL). This was issued for a period of one year, concurrently with an export permit. The gemstone industry, like all other sectors, was fully liberalised and companies could mine and market their products without state intervention.

29. The major constraints of the industry were enumerated as poor marketing, the limited variety of stones, lack of skilled manpower, high utility costs and the short duration of the SPSDL. The Botswana delegate stated that implementation of the recommendations of the ECA/MULPOC Gemstone Report would improve the Gemstone industry in the subregion. This particularly related to improving information flow within the subregion, strengthening institutional capacity through training, publication of a directory of gemstone stakeholders in the subregion, and the holding of subregional gemstone fairs. The government of Botswana planned to increase the duration of the SPSDL and was currently studying the recommendations of a UNIDO report aimed at improving the small scale mining sector in the country.

Kenya

30. The Government delegate from Kenya told the meeting that the main gemstone occurrences in Kenya were in the Mozambique belt,

particularly in the Taita-Taveta district where most of the mining activities were concentrated. The gemstone occurrences included amethyst, aquamarine, garnets, rhodolite, ruby, sapphire, tanzanite and turquoise. Mining activities were predominantly at a small scale level using basic hand tools although occasionally, bulldozers were used to strip the overburden. Most of the mines were shallow opencast workings but there were a few underground openings. These used little or no underground support systems. The product was processed on site by hand sorting, knocking and cobbing or sold to the mineral dealer who possessed cutting facilities.

31. The delegate stated that most of the production was exported as rough stones by the dealer or miner after obtaining an export permit. Mining and trading in gemstones was regulated by three acts; namely, the Mining Act, the Trading in Unwrought and Precious Minerals Act and the Diamond Industry Protection Act. The three laws were being revised into one consolidated act which should be ready before the end of the year. Government was keen to create an enabling environment by not taxing export income from gemstones.

32. The problems the industry faced in Kenya were outlined as a general lack of finance, equipment and technical skills. Lack of information flow within the sector, the loss of income through the export of rough stones and inadequate safety and environmental awareness were also cited as major constraints. The delegate concluded that the difficulties the industry faced could be ameliorated through enhanced subregional cooperation, to promote trade in gemstone as well as increasing training opportunities by establishing a regional institute.

Malawi

33. The delegate from Malawi informed the meeting that the country was endowed with a wide variety of precious and semi-precious

stones although the full potential was not known. The main precious stones were ruby, sapphire and emerald while the semi-precious stones included aquamarine, amethyst, smoky and rose quartz, tourmaline, sunstone and garnet. The gemstones occurred in two major belts; gem quality corundum (ruby and sapphire) was located in amphibolites in the Kirk Range area while aquamarine and emerald were found in pegmatite veins in the Mzimba district. The aquamarine was sometimes accompanied by beryl, green and black tourmaline, rose quartz and amethyst.

34. The delegate further said that mining of gemstones, at artisanal level, had been practised for more than half a century although it never had any major impact on the country's economy. Gemstone mining activities were regulated by several licences. These were the:-

- a) Non-Exclusive Prospecting Licence which authorised the holder to conduct general prospecting.
- b) Mining Claim which allowed the holder to prospect and mine specific minerals and the
- c) Reserved Minerals Licence which was required in order to buy, hold and sell gemstones.

35. In addition, anybody wishing to export gemstones required an Export Permit which attracted a royalty of 10% for rough stones and 5% for cut stones, respectively.

36. The miners sold their gemstones mainly to the local dealer who in turn marketed them to the international dealer. The country had no qualified gemologists and both the miner and government relied on the value declared by the traders. Due to a lack of suitable marketing mechanisms, illegal trade in gemstones was prevalent and

this had led to a state of near-collapse of the industry in the last few years.

37. The delegate revealed that a Gemstone Miner's Association had been recently formed and it was hoped that this would provide a communication link between government and the other parties. The government continued to assist gemstone miners and prospectors through seminars to appraise their knowledge in mineral identification, prospecting and mining methods, mine safety and environmental management. The government was planning to establish a gemstone marketing centre to improve the marketing system.

Mozambique

38. The representative from Mozambique told the meeting that the full potential of the gemstone industry in Mozambique was yet to be fully realized. The majority of known gemstone occurrences in Mozambique had not been discovered through systematic prospecting or exploration programmes. Most of them were found haphazardly by local farmers, hunters or prospectors. Reserves were not known. The gemstone deposits were of pegmatite, alluvial, eluvial and karoo basalt origin.

39. Although there were several hundred known mineralized pegmatite pipes country-wide, the most important gemstone mining area was the Alto Ligonha pegmatite district, northeast of the country. Aquamarine, tourmaline and garnets were the main minerals mined. Mining activities were essentially informal and artisanal in nature. Germanse Pedrias Lapidads de Mozambique (GPL), a joint venture company between the state and a private enterprise, was the only company in the country which undertook mechanized mining. There were no reliable production statistics.

40. The representative explained that gemstone smuggling was widespread with official exports represented by about 10% of the total output. Although there were cutting facilities in the country and the cutters in the country were very skilled, most of the stones were exported rough. Gemologists were, however, insufficient.

Namibia

41. A Government Representative from Namibia reported to the meeting that the country had a wide variety of precious and semi-precious stones which included tourmaline, milarite, topaz, amazonite, amethyst, emerald and agates. He added that, there were also a number of gemstones which were unique to the country such as blue lace agate, which had been adopted by world environmentalists as a symbolic stone, pietersite, sodalite and mandarin garnet. Official production of gemstones was, however, low and had been declining because of the disappearance of financially and technically capable prospectors who became mineral dealers or business operators. Other contributing factors included increased illegal mining activities and the technical and financial limitations of the small scale miners. Almost the entire production in the country was exported in the rough form.

42. The representative explained that there were a few cutting and faceting facilities but local processing was generally hampered by lack of training facilities, the low production quantities and the relatively high cost of labour. Other obstacles facing the industry included the lack of risk capital and collateral, and the incomplete understanding of the law, reporting requirements and environmental considerations, particularly among small scale miners.

43. The delegate further stated that prospecting for and the mining of gemstones was restricted to holders of a Non-Exclusive Prospecting Licence, a Mining Licence or a Mining Claim. Trading in gemstones was liberally allowed except for emeralds, rubies and sapphires which were classified as precious stones and for which a permit was required. Export of gemstones in the semi-precious category attracted no duty or royalty as long as a permit was obtained.

44. The government was keen to create a more favourable environment for the sector. In this respect, more regular meetings with gemstone operators were planned. A central buying organisation for small scale miners was also under consideration.

45. Another representative from Namibia informed the meeting that government had secured funds from the European Union to assist in the financing of the small scale mining sector. The funds would be used to create an Assistance Centre for small scale miners to enable them have access to skills and equipment on a shared basis. The Centre would be run through an Association on the basis of a franchise of small scale contractors. The Association would be headed by a General Manager whose first task was to refine the preliminary business plan which was presented to the meeting.

46. The meeting noted the business plan and advised of the dangers of making the organisational structure large and bureaucratic. The meeting further advised that the Centre would be more effective if it was located in a mining district.

South Africa

47. A Government delegate from South reviewed the gemstone industry of that country which was well known for its diamonds and

gold resources. Apart from diamonds and gold, tiger's-eye, amethyst, blue lace agate, jasper, verdite and rose quartz were mined on a small scale by private persons. Tiger's-eye was the largest contributor in terms of volume and value. The reasons for the predominance of small scale gemstone mining activities included the preference by prospectors for diamond exploration, mineral rights which were owned and sterilized by big uninterested companies and ignorance of the gemstone industry in some cases.

48. The delegate further explained that although South Africa lacked the wide selection of gemstones common to the rest of the subregion, it possessed a whole range of skills which were available to the subregional gemstone industry. These included well trained geologists, mining engineers, gemologists, cutters and jewellers. There was also the National Gemological Laboratory at the Council for Geoscience which had been established to assist the public in the identification and evaluation of natural, synthetic and imitation gemstones.

49. In conclusion the delegate pointed out that most of the subregion's problems also affected South Africa. Co-operation by the subregional countries in problem solving and the sharing of information could play a vital role in the economic growth of the member States.

Tanzania

50. A representative of the Tanzanian government told the meeting that the gemstone resources of his country comprised a wide range of varieties including diamonds, rubies, sapphires, emerald, tanzanites, alexandrite, garnets, tourmaline and many other ornamental materials like chrysoprase, opal and agates. He added that gemstone mining was generally conducted by small scale artisanal miners using hand tools like picks and shovels. There

were medium scale mines where simple mechanisation was practised especially in the tanzanite mines and in the alluvial, ruby and sapphire mines.

51. Processing of the gemstones was generally by cobbing and cleaning the material before being sold mostly in the rough state. Small quantities were, however, cut and polished locally. These were mainly exported to the gem markets of America and Europe while the bulk of the rough material found market in countries in the Far East including Thailand, India and Hong Kong.

52. Government was undertaking some measures to improve gemstone mining and marketing in the country. These included the provision of technical extension services and review of the existing legislation so as to make it more conducive to private investment.

53. The delegate concluded that regional co-operation, particularly in the areas of information sharing and participation in joint fairs and auctions was necessary to the growth of the industry. In this connection, participation in country shows like the one held in Arusha, Tanzania in May of each year could be considered to be the first step towards a joint subregional fair.

Zambia

54. The Government delegate from Zambia explained that like most member states of the subregion, the country lacked full information on the quantities of gemstones available in the mining districts. However, the main gemstones mined included emerald, amethyst, aquamarines and garnets. Mining was undertaken mostly by small scale operators who lacked finance, machinery and technical skills. Operations were commonly by open pit pick and shovel methods. Where mechanised mining was practised, bulldozers, excavators, water pumps and other mechanical units were employed.

55. The delegate further explained that primary processing involved knocking and cobbing. Further processing in lapidaries was undertaken to produce cabochons, tumbled or cut and polished stones. There was available in the country a small jewellery industry. Processed stone, however, accounted for only a small fraction as most of the production was exported in the rough form.

56. Marketing was liberalised and miners were not restricted to whom they sold their stones. An export permit was required which attracted a 3% export tax on the value of the stones. Miners were also required to pay a 5% royalty tax.

57. In terms of legislation, the delegate reported that this was being changed to facilitate the granting of licences to gemstone miners and improve marketing arrangements. Among the measures planned were the decentralisation of government functions to mining areas, provision of technical advice to small scale operators, establishing a gem exchange centre and a gemological institute.

Zimbabwe

58. A Government delegate from Zimbabwe stated that a wide range of gemstones had been discovered in Zimbabwe but due to poor quality and insufficient quantities not much work had been carried out on some deposits. Emerald mineralization in the country was confined mainly to the Mberengwa District in the south western corner of the country. The Mweza Greenschist Belt, which belonged to the Achean Basement Complex, was the host of the emerald producing mines. Pegmatites were developed in the east-north easterly direction along the edges of the greenschist belt.

59. The delegate explained that mining of gemstones in Zimbabwe was mainly by opencast methods. Hand sorting was practised but

medium scale miners used heavy medium separation. The haphazard nature of occurrence of some gemstones rendered technical evaluation of deposits both unsystematic and unreliable. In such situations economic justification prior to mining operations was almost impossible.

60. For exploration and mining purposes, a special grant had to be applied for through the Ministry of Mines. The special grant was renewable annually. The delegate concluded by outlining the main areas of co-operation in the subregion as exploration and research, mining and marketing, policy and legislative aspects.

Reports of Private Operators and Associations (Agenda Item 6)

Agate Botswana, Botswana

61. A representative of Agate Botswana told the meeting that the company processed three varieties of crypto-crystalline quartz; grey banded agate, Botswana pink agate and carnelium. The main product was tumble-polished baroques while other products included preformed blocks, slabs and cabochons. Technical know-how was provided by a South African partner company. In order to improve profitability Agate Botswana was endeavouring to increase the variety of products and total output, improve marketing and diversify into downstream products such as key rings, gemtrees and silver jewellery.

62. The representative added that communication within the industry would facilitate sourcing of input materials and promote cross-fertilization of product design and technology. Joint marketing efforts were likely to attract a higher interest among the international dealer community and improve the bargaining power of the subregional gemstone operators. Agate Botswana supported

and saw the formation of a gemstone association as an appropriate measure to develop the industry.

Joy Fashions, Kenya

63. A representative of the company urged the meeting to recognise the important role that cutters and gemologists played in the industry of the subregion and that these skills needed to be promoted. She emphasised that poor cutters resulted in wasted products. She appealed to dealers to give assistance to, particularly newly qualified cutters through working with experienced cutters. She also stressed that formal training through institutes in the subregion was indispensable to upgrading both the gemological and cutting skills in the industry.

Kenya Gemstones Dealers Association.

64. The Chairman of the above association, who also represented Muthama Gemstones (K) Limited, Rockland (K) Limited and Blue Minerals of Tanzania Limited, suggested that the problems inherent in the gemstone industry could be ameliorated by instituting a number of liberal measures by Governments in the subregion. The main ones included:-

- a) completely waiving the import duties at all levels of the gemstones industry. He explained that import duties had prevented the people from the subregion from fully participating in the international gemstone business to the advantage of people from Europe where duty was not generally charged.
- b) issuing long term mining leases which should probably be of at least 5 years duration.

- c) providing geological know-how to the small scale miners.
- d) firmly encouraging the formation of an Eastern and Southern African Gemstone Association with membership drawn from both the private and public sectors, and which should examine the modalities and rules of staging joint trade fairs.

65. The delegate requested member States to remember that richer citizens of a country meant a richer country and a strong economy whereas poor citizens meant a poor country and a poor economy.

Gemcraft, Namibia

66. A representative of the company stated that governments in Africa generally overlooked the potential of the gemstone trade. At the mining level, assistance was required for small scale miners, particularly in terms of technical training. From a marketing viewpoint, small scale miners needed skills to sort their rough gemstones. They also needed access to prices and generally had to build contacts to maintain a constant marketing outlet.

67. The delegate added that cutting and polishing was another area which was neglected. Cutting and polishing added value to gemstones, created jobs and earned foreign exchange. However, this had to be done competitively in relation to other regions, particularly the Far East. Jewellery was another way of creating value-added which should be considered.

68. The delegate further explained that the best way to market gemstones was through shows. This allowed for customer relationships to evolve and was important in keeping track of fluctuations in demand and invariably, prices. There was need to think in terms of holding subregional shows on a rotating basis. Furthermore, joint exhibition at international shows could be

considered. To provide impetus to these activities, he urged that a gemstone association be founded in the subregion. This could be used as a forum for exchanging views and experiences, planning for shows, seminars and workshops. A further important consideration could be a centralised training facility for gemologists, cutters and jewellers located within the subregion.

Kagem Mining Company Limited, Zambia

69. A representative of KAGEM Mining Company Limited of Zambia explained that it was established in 1983 as a joint emerald mining venture between the Reserved Minerals Corporation of Zambia and Hagura of Israel. The company had a 14.0 km² prospect which was well mapped to delineate formations of potential mineralisation. The formations were pegmatitic in nature intruded into talc-magnetite-chlorite, and quartz-mica schists. Emeralds occurred along contact areas between talc schists and pegmatite pipes.

70. He further stated that the company operated 16 pits of various sizes and depths at six mining sites. Although mining operations were mechanised, using open cast methods, hand-chipping to recover gemstones was also undertaken. Constant dewatering of the pits was undertaken to remove water from the mining areas. All material mined from contact areas was processed in a mechanical washing plant. Tumbling and chipping was undertaken and the product graded into several fractions comprising high and low grade emeralds, beryl, fines and specimens. Grading was done by the company's gemologist. The emeralds were sold as rough stone by the Reserved Minerals Corporation, a state-owned company.

71. The delegate explained that most of the major problems faced by the small scale miners in the area were not common to the

company because it had in-house mining engineers, a geologist and gemologist, and was well supported by the Mines Safety and Mines Development departments of the Ministry of Mines. However, due to foreign exchange limitations and financial resource scarcity, equipment replacement and spare parts acquisitions continued to be major problems.

Zambia Emerald Industries Limited, Zambia

72. A representative of the above company told the meeting that the Zambia Emerald Industries Limited (ZEIL) was a joint venture company between the Reserved Minerals Corporation of Zambia and ERB Investment of Switzerland. The company was established with two main objectives; to cut and polish Zambian emeralds in order to increase local value added and to create employment for the citizens.

73. Currently ZEIL was experiencing problems in procuring rough emeralds. This was caused partly by the liberalisation of emerald marketing activities by Government which now allowed rough stones to be exported. The major supplier of rough emeralds to ZEIL, Kagem Mines, had also closed temporarily for one year. Nevertheless the company was convinced that in order to increase value added and foreign exchange earnings accruing to the country, there was need to ban exports of rough emeralds. This would also encourage small scale miners and dealers to establish lapidaries in the country. This, in turn, would create additional jobs in the industry.

74. In conclusion, he pointed out that in order to promote cutting and polishing activities, there was need to establish a gemological training institute in the subregion. This would introduce the much needed technical skills among many gemstone miners, dealers and lapidary owners.

Mineral Marketing Corporation, Zimbabwe

75. A representative of the above company explained that the gemstone industry of Zimbabwe faced a number of problems. On the mining side, the major constraints were a lack of technical skills, particularly in mining, processing, sorting and identification. Other limitations included the lack of financial resources for mine development, and the lack of security at mine sites which resulted in stones being stolen by either the mine employees or other people.

76. The marketing side faced problems such as the unavailability of reliable sources of stones for processing thus limiting market development. Other marketing difficulties were the lack of qualified gemologists in Government departments, and the presence of illegal operators who due to money laundering activities, paid high prices. Marketing problems were compounded by the unavailability of information on gemstone production and price trends.

77. The delegate concluded that it was necessary that gemstones be made locally available for processing to maximise earnings and create employment. It was also necessary for those undertaking marketing activities to have regular contacts with external markets especially through gemstone shows.

Recommendations of the Meeting: Strategies for Enhancing the Development of the Gemstone Industry (Agenda Item 7)

78. The meeting recognised that the gemstone sector in all the member States faced numerous obstacles and that the objective of the meeting was to analyse the difficulties and propose strategies for enhancing the development of the sector. In this connection, the Ad Hoc Expert Group Meeting on Gemstone Development and

Marketing Strategies in Eastern and Southern Africa, which met in Windhoek, Namibia from 31 July to 3 August, 1995, collectively made the recommendations listed below.

1. **GEOLOGY, MINING AND PROCESSING**

i) Geological Exploration

79. The meeting identified the major obstacles as the lack of detailed geological information on gemstone deposits and a deficiency of exploration skills among gemstone miners. It recommended that:-

- a) At the national level, geological information should be collected during mining activities and made available to Geological Survey Departments for inclusion in and updating of data bases. Mining Inspectorate Departments should help to collect the information. Furthermore, mechanisms for disseminating information to potential users should be established.
- b) At the subregional level, there was need for regular cooperation and exchange of geological information and research findings through national associations.
- c) Where miners lacked exploration skills, the responsible ministry for mining activities should provide extension services.
- d) To alleviate the problem of lack of finance for exploration activities, miners associations should assist members, where possible, with the acquisition of finance and technical skills.

ii) Mining

- a) The meeting expressed concern at the lack of environmental sensitivity and safety measures associated with mining activities. It recommended that mining methods should be "friendly" to the environment. In this respect, miners associations in collaboration with Mines Departments had a duty to educate their members. Furthermore, it was recommended that disposal of waste material should be done in a manner which permitted the recovery of by-products at a future date. To improve safety at mining sites, Mine Safety and Mines Development Departments should maintain constant inspection of mining areas.
- b) The meeting noted that equipment used in mining and processing operations was simple and not conducive to large volumes of production. It recommended that miners associations should keep information on technology profiles, particularly for equipment manufactured in the subregion, for dissemination to members. The meeting further recommended that design related research be undertaken, in collaboration with miners associations, with a view to identifying and developing improved mining and processing methods.
- c) The meeting observed that there was a serious lack of technical skills among miners. It recommended that Government Mining Departments, in collaboration with local miners associations, should endeavour to provide basic skills to miners. In this direction, regular workshops and study tours would help. There was also need to train jewellers, gemologists, lapidartists in both academic and practical aspects. The meeting recommended the full use of training institutions available within the subregion.

iii) Beneficiation

The meeting regretted the current situation where the major part of gemstone exports from the subregion were in the rough form. This reduced governments' export revenue and employment opportunities. It was recommended that export of rough gemstones be discouraged in preference to increasing local value added through:-

- a) cutting, carving, tumbling and polishing operations and
- b) manufacture of gemstone jewellery.

Since these measures would be beneficial through employment creation and increased foreign currency earnings, it was in the interest of Governments to create incentives for increasing local processing opportunities.

2. **MARKETING OF GEMSTONES**

80. The meeting considered the inadequate and fragmented gemstone marketing arrangements primarily characterised by lack of information availability and flow. It recommended that:-

- a) subregional gemstone shows and fairs should be organised combined with workshops, auctions, display of gemological instruments and processing machinery, and jewellery design competitions;

- b) gemstone operators from the subregion should participate in major international gemstone shows such as Tucson and Las Vegas through arranging a common African Gemstone Pavilion/Stand. Donors could be approached for material assistance particularly with air fares and payments for the stand;
- c) gemstone operators, through a gemstone development association, should advertise in international gemstone magazines such as the Lapidary Journal or Mineralogy Records. The advertisement should be high profile, taking up 2-3 pages and covering all gemstone operators who are members of the association. It was emphasised that this must be done as an association rather than on an individual basis;
- d) approach to potential donors should be made to fund the production of a promotional video film on the gemstone industry in the subregion covering the activities of all operators from the miner to the jeweller. The film should be shown as widely as possible and in different countries. Furthermore, the film should promote the image of gemstone mining and emphasize the efforts being made by the industry including job creation and the local manufacture of jewellery;
- e) information should be provided to the World Trade Centre for inclusion in their data base. The information should comprise contact addresses, gemstone products and other trade related data and
- f) there should be strong participation in marketing by the private operators themselves. Government should only act as a facilitator, but should not be involved in the actual determination of prices.

3) LEGAL AND FISCAL ENVIRONMENT

Legal Aspects

- a) The current legislation which was in place in most countries of the subregion was not conducive to the operations of the gemstone miners and operators. The meeting recommended that Governments consider:-
 - i) the decentralisation of gemstone administrative procedures to the mining districts; and
 - ii) reduction of bureaucracy in application procedures and less complexity in reporting methods.
- b) The present average period of one year for a mining lease, which was prevalent in the subregion was considered to be unacceptable. The meeting proposed that a mining lease should be issued for a period of at least five years provided that the conditions under which it was to be granted were fulfilled. This would improve security of the lease and stimulate a higher investment into mining operations.

Fiscal Aspects

- a) To encourage further investment into the gemstone sector, the meeting recommended that governments consider exempting gemstone mining and processing equipment from import duties and taxes.
- b) In order to maximise the potential to create value-added by the gemstone processing industry, it was recommended that import duties and taxes on gemstones be waived within the subregion. The meeting further recommended that royalties and

export tax on gemstones within the subregion should be removed. In this connection, corporate and other indirect taxes were considered to be sufficient.

4. SUBREGIONAL COOPERATION

81. The meeting recognised that subregional cooperation in the gemstone industry was limited. Individual member States did not even have information on the gemstone industry in the other countries. To improve the operations of the industry at the subregional level, the meeting made the following recommendations:-

- a) That the African Gemstone Development Association be formed. The Association, which would be composed of all the gemstone stakeholders, would address the following problems:-
 - i) improve information flow between member States;
 - ii) organise subregional gemstone shows/fairs;
 - iii) improve training within the industry;
 - iv) look into methods of encouraging down-stream processing of gemstones prior to export; and
 - v) promote the establishment of local gemstone information exchange centres.

- b) That the interim committee which was formed at the meeting of members of the private sector outlined in Annex II be upgraded to a Co-ordinating Committee to facilitate the formation and launching of the African Gemstone Development Association in the member States. In the interim, the Co-ordinating Committee was advised to contact the organisers of the Arusha Gemstone show in Tanzania with a view to encouraging them to invite the member States of the subregion to participate in the show.
- c) That participants at the Ad Hoc Group Expert Meeting liaise with the different gemstone stakeholders in their countries on the formation and operationalisation of the Association. A period of three months was allowed for the consultations after which information should be passed on to the Coordinating Committee. It was further recommended that participants should, upon return, supply the names of gemstone stakeholders in their countries to the Co-ordinating Committee to enable the production of a subregional gemstones directory.
- d) In order to curb smuggling, it was recommended that member States be encouraged to sign anti-smuggling protocols. To facilitate this, a subregional workshop on anti-smuggling, attended by government bodies charged with the prevention of smuggling, should be considered.

Any Other Business (Agenda Item 8)

82. In the light of the recommendation to found the African Gemstone Development Association, and that its interim Committee be expanded to a Co-ordinating Committee, the meeting decided to appoint members of the Co-ordinating Committee. The following participants were elected to the Committee:-

Mr J. Muthama (Kenya)	: Chairman
Mr J. Viljoen (Namibia)	: Secretary
Mr J. Rogers (Namibia)	: Treasurer
Mr H.M. Knuettel (Botswana)	: Member
Mr R. Sezinga (Tanzania)	: Member
Mr A. Pedro (Mozambique)	: Member
Mr V. Silubuga (Zambia)	: Member

83. The meeting debated whether the name of the Association should be the Eastern and Southern African Gemstone Development Association in line with its major area of activities. It was resolved that the proposed name of the African Gemstone Development Association would provide more marketing appeal, particularly in international markets.

Excursion to Gemcraft

84. In the course of the Ad Hoc Expert Group Meeting, an excursion was paid to Gemcraft, a small lapidary located in Windhoek. The company manufactured ornamental gemstone products and jewellery items. The visit provided participants an opportunity to look at cutting and polishing activities, and the range of products possible at a small scale level.

Closure of the Meeting (Agenda Item 9)

85. Mr S.A. Ochola of the ECA/MULPOC thanked the participants for their lively contributions. He noted that the meeting had fulfilled its major objective; that the major actors be assembled to deliberate on the framework for the enhanced development of the sector. He observed that the problems of the industry had indeed been frankly discussed and was confident that the proposed recommendations would provide a platform for the accelerated growth

of the sector. Mr Ochola further thanked the Namibian Government, and the Ministry of Mines and Energy in particular, for being perfect hosts to the meeting. He finally wished all the participants safe passage back to their homes.

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Minutes of the Meeting Held by Members of the Private Sector at
the Safari Hotel, Windhoek, on 1 August, 1995 at 20.00 hours

At this meeting we have decided to investigate the possibility to found a Gemstone Association for the industry. The members decided on a name for the association as the **AFRICAN GEMSTONE DEVELOPMENT ASSOCIATION**.

The members discussed the objectives of such an association. The most important issues are:-

1. Organising the African Gemstone Show
2. Streamlining the industry
3. Marketing of gemstones

An interim committee, comprising the following members, has been appointed:

Interim Chairman: Mr. Johnson Muthama (Kenya)
Interim Secretary: Mr. Johan Viljoen (Namibia)

The following participants were present at the meeting:-

Mr. Robert Cooke
Mr. Rogers Seling
Mr. George Swanson
Mr. David Hood
Mr. Daantjie Truter
Mr. Herbert Knuettel
Mr. Rogers Hansin Banda
Mr. Johnson Muthama
Mr. Andreas G. Palfi
Mr. Johan Viljoen