

Report From Madison Dialogue The Ethical Jewelry Summit

Shamsa Dawani shows me a stone paper of brilliant red garnets. They aren't just pretty: as small as they may be, they represent a new future for our industry.

It's the second day of the Ethical Jewelry Summit at the World Bank in Washington D.C. After a day of debate, this handful of garnets for sale is a reminder of why a hundred people from all over the world have gathered at this conference to discuss the ethical issues of sourcing.

The garnets I have back at my shop were cut in India and mined who knows where. Even though we "hand pick" these inexpensive gems, they remain a commodity.

But Dawani's garnets, mined and cut by women in Tanzania, alleviate economic hardships and disease and support the "sheer entrepreneurial drive" of the business women in her association.

I imagine telling the story of these garnets to my customers in my Santa Fe, New Mexico store. They have added sparkle because they create a human connection, allowing the wealth in my community to support families, schools and clinics in the towns where her small scale mining takes place.

Most of the people who are here at the Ethical Jewelry Summit already source ethically. They obey laws and don't contribute to unfair or environmentally damaging practices. Representatives are here from large companies that have instituted best practices to protect workers, communities, and the environment.

But they are here because they don't think it's enough to not do harm. They are here to try to do more, to create a system to support the most vulnerable links in the supply chain: small scale and artisanal miners such as Dawani's.

"First there is ethically sourced jewelry, which is socially and ecologically responsible," explains Bill Gallagher, CEO of Lori Bonn Design. "Fair Trade jewelry is a small subset of that. What I have to do is be ethical. But as a human being, I want to do fair trade."

When Mining is Small

What usually comes to mind when you think of mines are huge open pits and earthmovers with ten-foot tall tires. Yet, between 13 and 20 million men women and children from over 50 developing countries work in small scale mines, often in impoverished areas associated with corruption, war, and terrible environmental conditions.

According to the World Bank, with families and communities, over 100 million people depend upon small scale mining for survival. These artisanal miners produce more raw

materials and benefit more people than all the large scale multinational operations combined.

But purchasing directly from sustainable artisanal miners is challenging. The supply chain often has many links and the materials they produce are mixed with other goods, where they become just commodity offered at lowest possible price.

Even in cases when I have visited my suppliers' operations in Sri Lanka and Jaipur, I have not been able to really know what is taking place in mines and cutting factories.

We all know that the chaotic nature of small-scale mining districts can lead to unsafe and unfair working conditions and environmental damage. Artisanal mining can be a beneficial contributor to economic growth in the developing world only when destructive impact is mitigated.

The Ethical Jewelry Summit's goal is to discuss how we might create and support a certification scheme that would support artisan miners around the world and give consumers a way to be sure that what they are buying support communities like Dawani's. We want to bring more of the wealth generated in the jewelry store back to those who depend upon small scale mining to live.

The attendees at the summit are an impressive group.

Representatives at the meeting include Cartier, The Bell Group, Tiffany & Co., De Beers, the United States State Department, Finesse Diamonds, Leber Jeweler, Columbia Gem House, Toby Pomeroy, Jewelers of America, the Gemological Institute of America, and a host of others from the jewelry industry and other sectors: Oxfam, World Wild Life Fund, and the World Bank.

The conference also included speakers who are small-scale miners, flown in from Peru, Colombia, Bolivia, Tanzania, South Africa, Liberia, Sierra Leone, and Uganda.

"It was the most unusual amalgamation of characters from our industry I ever experienced," said Brain Charles Cook, of Nature's Geometry, who presented at the conference.

Sessions focused primarily on the diamond and precious metal sectors. For two days, we brainstormed, in session and out in the hallways munching on sugar snacks, focusing on one question: How can we create a framework, incorporating fair trade principals, which will allow these artisan miners to bring their product to market?

Beginning the Dialogue

The path to this conference begins in the summer of 2006, when Steve D'Esposito, Executive Director of Earthworks, which sponsored the No Dirty Gold Campaign, brought together about a dozen representatives interested in ethical jewelry from NGOs,

jewelry companies, trade associations, mining companies, foundations and agencies like the World Bank with the hope that cross-fertilization would create new, unique partnerships across sectors.

"This meeting took place at the offices of the Rockefeller Brothers Fund on Madison Avenue in New York. Rather than calling it the Manhattan Project, we called it the Madison Dialogue," said D'Esposito. An organizing committee, web site with issue papers at www.madisondialog.org, and an email list serve were created from these initial efforts. Madison Dialogue participants organized this summit.

D'Esposito saw a need for an agreement of what it meant to be "fair" or "responsible" in the sector. "Our proposition was that the miners and the jewelers and the traders and the NGOs all needed to be part of establishing that definition. Then that definition has meaning in the marketplace."

Of course, there has been a lot of interest in fair trade jewelry over the past few years, including two meetings organized by Martin Rapaport at the JCK show in Las Vegas in 2006 and 2007.

The Council for Responsible Jewellery Practices was founded in 2005 and its over 80 members include some of the industry's largest miners and retailers.

Other notable initiatives include the efforts of Ian Smillie of the Partnership Africa Canada spearheading the Diamond Development Initiative effort to develop standards in the alluvial sector; and Greg Valerio of Cred Jewellery of the United Kingdom, whose work for the past ten years in South America to develop third party certification of gold mining resulted in the Association of Responsible Mining.

Valerio, who currently sells jewelry made with fair trade gold third party certified by a NGO based in Colombia, is planning distribution in US market.

On the manufacturing side, Ethical Metalsmiths, one of the sponsors of the summit, now has over 900 members. Hoover and Strong supplies recycled gold, silver and platinum through their "Harmony Metal" brand. Numerous small designers and mid-range designers, from Lori Bonn to Brilliant Earth, have been taking their own initiatives as well. Lori Bonn Design is working on a "Clear Conscience Jewelry" Standard that will be nonproprietary.

In my company, Reflective Images, we emphasize what we consider a best practice at this point: product transparency. All the efforts so far around fair trade and ethical sourcing have focused primarily on three principles: Fair, Responsible, and Ecological (FRE). Fair includes labor that goes into the making of the piece from the mine to the manufacturing. Responsible concerns outreach to community, support of diversity, and being a good example of a corporate citizen. Ecological refers to the environmental impact of the various components of the piece of jewelry, from mine to manufacturing to the jewelry office and showroom.

Each of our products is marketed with the information from the categories. The nonproprietary FRE system shows our attempt, as manufacturers, at responsible practices within a limited supply chain. Plus, the radical transparency, which make our strengths and weaknesses public, empowers *the customer* to decide whether we are being ethical or not.

Meanwhile, the jewelry market's "eco" and "fair trade" efforts grow louder and more confusing for consumers. Google the term "fair trade jewelry" and you'll find little from participants in the Madison Dialog; but instead, niche ethnic products produced in villages around the world. Eco jewelry includes vinyl record jewelry and pieces made from organically grown beans along with high end designer pieces fabricated from recycled metal.

Fair Trade and Working Groups

Fair trade exists to cultivate and grow the poor and marginalized small producers. It is in essence an economic program linked to ecological responsibility and sustainable development. A critical component is third party certification and a supply chain audit.

Though there is no such thing as third party certified fair trade jewelry, through the efforts of the ARM, the European based Fair Labeling Organization, third party certified gold from indigenous communities in Bolivia and Colombia is available in limited quantities. In addition, TransFair USA (the American branch of FLO well known for its third party certification of coffee in the United States) is doing a pilot study on diamonds. However, there is no commitment yet as to the level of its involvement in the jewelry sector.

Hence, in response to the market, one of the main outcomes of the conference were working groups which will focus on developing principles, standards and third-party assurance systems in artisanal and small-scale metals mining. Ongoing discussions are currently being held in the following areas: colored gemstones, diamond mining, recycled metals, metal product chain, and manufacturing.

Trade Reactions to the Ethical Jewelry Summit

Reaction to the conference from some members of the jewelry trade has been cautious. To start, the "fair trade" supply chain is very limited. It is easy for an independent jeweler to see this initiative as just one more attempt to take anti-business pot shots, particularly around the notion of "ethical" jewelry.

Steve Gerencser, a custom jeweler and blogger, has always seen himself and the brands he sells at Images Jewelers, in Elkhart Indiana, such as John Hardy and Rolex, as "ethical."

"I'm having a real problem wrapping my head around a solution that both promotes the 'ethical' idea yet doesn't put jewelers in a position of marginalizing their current efforts," said Gerencer. "How can we say to our customers, look at this ethically created jewelry over here, while having thousands of dollars of product in the case next to it without that label? I don't think that the lines we carry are in any way unethical."

However, what was clear at the summit is that any semantics are really at the service of finding ways to benefit the impoverished small scale miner.

The community declaration initially drafted by Bill Galleger of Lori Bonn emphasized the opportunity, "to make a difference in the lives and communities of artisanal/small-scale miners and other marginalized workers worldwide, by developing and implementing robust standards for the production of ethical and fair trade."

Though anecdotal evidence points to strong consumer demand for a distinct "fair trade" third party product, those at the conference recognized that it might be some time before we can actually build a solid audited supply chain. Pending these developments, there was a unanimous call for greater transparency in all sectors of jewelry manufacturing.

"This is not a perfect solution, but it is a step," said D'Esposito.

How You Can Get Involved

The answer is simple: jump in. Start by examining all your business practices and sourcing to make sure you are in compliance with the Kimberley Process and System of Warrantees, the Patriot Act, and best practices for employees. Ask all your suppliers for information about the products you stock. Initiate and promote "green" practices, such as metal recycling, compact fluorescent lighting and carbon offsets. After you implement these practices, market your efforts to attract new customers.

You can also get involved with creating the fair trade jewelry standards.

To benefit organizations like the Tanzania Women's Mining Cooperative, we need to have a broad spectrum of views represented from across our sector from those who view these developments as a business opportunity that can be a win for you and for jewelers and miners. This is especially true if you serve - or could serve - the vast market of customers who also shop at Whole Foods, the Body Shop or Patagonia.

"We must each look at our supply chains and ask the critical question: how can I make my business profitable while bringing more economic opportunity to the people who touch the product directly, from the mine workers to the polishers," said Alex Twersky, President of Finesse Diamonds, a new sightholder of DTC Namibia.

Eric Braunwart of Columbia Gem House already supplies fair trade gemstones through his own transparent systems. Other lists of suppliers who are concerned about these issues are being created and will post on the Madison dialog list serve and my blog.

"We need to engage with processes like CRJP or ARM," said Greg Valerio. "Not only do we need to work together for change, but we can transform our businesses into a force for the common good of all."

You can join the Madison Dialog list serve, read the issues and share your ideas or even get involved in one of the groups that has formed to hammer out the fair trade jewelry certification processes. Contact Lloyd Cotler at lcotler@earthworksaction.org for more information.

You can also contact me, Marc Choyt, at reflective@cybermesa.com if you have any questions about anything from FRE to sourcing "fair trade" suppliers.

The third annual Fair Trade meeting, sponsored by the Rapaport Group, will take place at the JCK Show in Las Vegas in June 2008.