

Value Addition on Gemstones and its Impact on Ethiopian Economy

By

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The Gems and Jewelry Industry

- Gemstone and Jewelry Industry
 - Multi-billion Dollar industry globally
 - Rewarding business
 - Creates huge job opportunity
 - Generates foreign currency
 - Stimulates other economic sectors; such as tourism
 - Safe investment
 - Clean/Green and safe operation

Gemstone Resource of Ethiopia

- Notable Ethiopian Gemstone:- Four types of Opal
 - Semen Showa (Brown Opal)
 - Wello Opal
 - Fire Opal
 - Black Opal
- Orbit Ethiopia has sourced, cut and polished more than 20 types of gemstones including:-
 - Emerald
 - Aquamarine
 - Amethyst
 - Citrine
 - Obsidian
 - Quartz
 - Chrysoprase
 - Malachite
 - Putrefied wood
 - Amazonite
 - Amber
 - Tourmaline
 - Corundum
 - Fluorite
 - Peridot
 - Jasper
 - Chrysocola
 - Garnet
 - Agate
 - Iolite, etc.



Chrysoprase



Chrysocolla



Fire-Opal



Amethyst



Ruby



Aquamarine



Tourmaline



Quartz



Routine Quartz



Peridot



Citrine



Amazonite



Emerald



Green Amber



Opal Beads



Cabochons



Cabochons



Faceted Opal



Fire Opal



Semen Showa Opal



Green Amber



Faceted Beads



Chrysoprase



Amazonite



Fire Opal

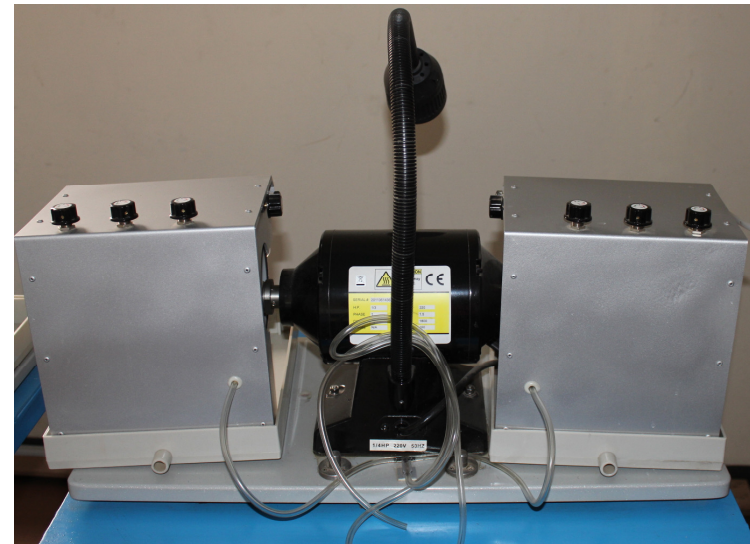
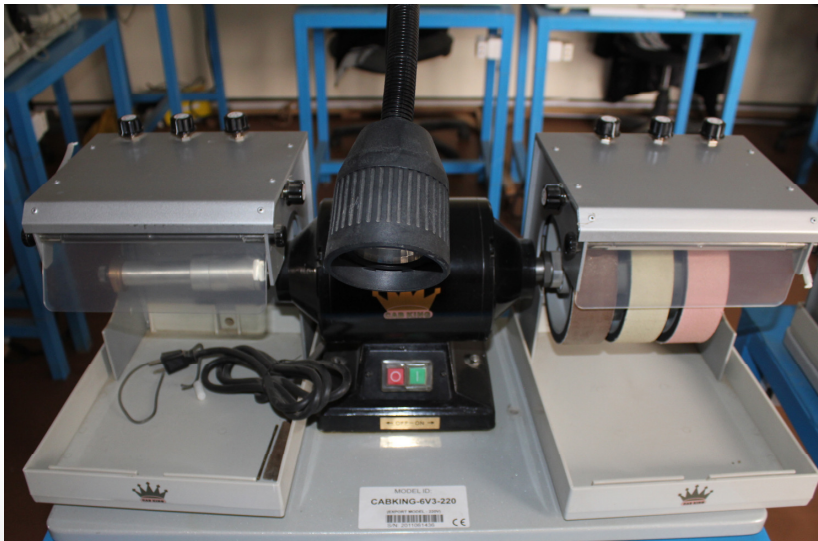
The Gems and Jewelry Sector

Potential:- Untapped Opportunity

- Unique Ethiopian Gemstones – Opal and Green Amber
- Young and trainable population
- Conducive investment environment
- In line with government's industrialization policy and job creation
- Requires basic training and achievable by deploying simple technology and equipment
- Low investment compared to projects in other sectors financed by local commercial banks



Orbit Lapidary Shop



Polishing Machine

Market Opportunity

- Proven international and local market
 - Commercial grade jewelry manufacturers
 - High end jewelers
 - Loose stone dealers
 - Collectors
- Growing number of foreign tourists and local buyers
- Addis is a center for a large number of diplomatic community (AU, UNECA, close to 100 Embassies)
- Art and Craft shops in Addis are importing tourist targeted jewelry from other countries

Lost Benefits from the Sector Due to:

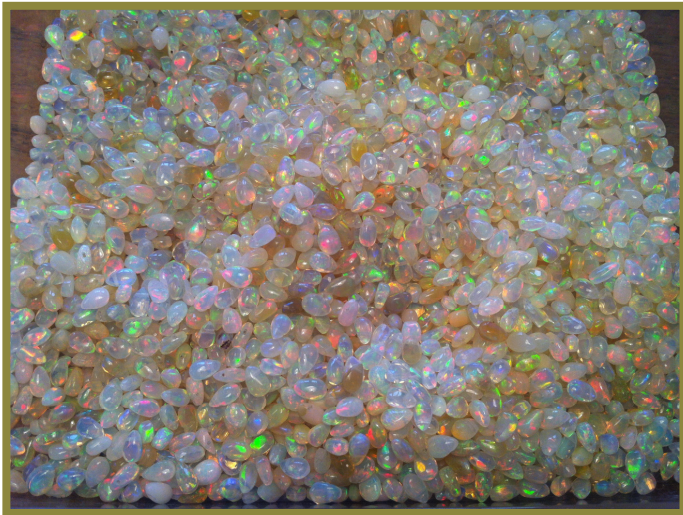
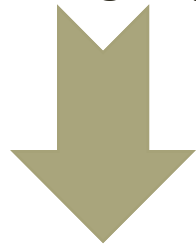
1. Lack of government recognition of the sector's potential
2. Export of rough gemstone in large quantity
3. Lack of knowledge in sorting and grading
4. Lack of certification
5. Access to capital and land
6. Lack of sustainable supply of rough material
7. Failure to support legally established lapidary shops/factories

Loss in Revenue

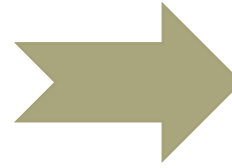
- In 2012, official export of rough opal was 16,500 kilograms; generating 7 million USD
- Had it been Value Added:-
 - 700 to 1,000 job opportunity
 - \$100,000,000
 - Established solid and vibrant industry



Low-grade Rough Opal ('Agara')



Finished Cabochons



Roundel Bead Strands

Recommendations

- Legal and readily accessible supply chain for raw gemstones must be established
- A committee (forum) comprising of officials representing different ministries (such as MOM, MOT, MOI, tourism, private sector and ERCA), should be formed
- Gem cutting and polishing is manufacturing, implying that lapidary shops must be administered under the MOI.
- The bases of the gems and jewelry industry are low value high volume gemstones – skill is the main component of the product - which fetch very little on their rough form but can engage thousands of people on job and can be sold at fairly good prices after skill is added on them. Therefore the present notion of undermining this resource should be corrected.
- The formation of strong and visionary gem association (that can support policy makers on various issues) should be emphasized
- Make Ethiopia a regional gemstone and jewelry trading center: possibly create Gemstone Industry Park

Value Chain and Related Economic Activities



- Shops for mining equipment, food stuffs other consumables

- Storing and grading the rough material

- Sawing, grinding, and polishing machinery suppliers
- Accessories such as grinding and polishing wheels, abrasives, etc.

Gem identification and certification

- Silver and gold (suppliers and smith)

- Retailers, exporters

Conclusion

- If the government recognizes the sector as a new industry, promotes and launches strategies: that means
 - **Protection and support is provided**
 - **Finance is allocated**
 - **Working premises will be provided in designated industrial zones, etc.**
- There will be more investors in this lucrative business
- There will be thousands of jobs for unemployed youth, especially women
- The contribution of the sector to the GDP growth of the country would be tremendous
- The hard currency from the export of finished stones will be increased
- The sector can develop to the level of exporting finished jewelry

Thank you