

## Brazil Wants to Sell More than Gems on the Rough

Contributed by Isaura Daniel  
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Entrepreneurs from the southern Brazilian state of Rio Grande do Sul want to sell more jewels rather than the uncut precious stones. They are organizing, together with universities and state associations, the creation of a technological centre to add value to local production.

More than 20 public organisations, companies, cooperatives and syndicates are involved in the project, which is coordinated by the Ministry of Science and Technology.

"Today, about 90% of Brazilian stones are exported uncut," says the Ministry consultant in charge of the project, George Diab.

The state of Rio Grande do Sul has the greatest amethyst, agate and citrine mines, three kinds of precious stones, in Brazil.

They are mainly spread over the cities of Salto do Jacuí, Quaraí and Ametista do Sul.

The manufacture of plated items is in the city of Guaporé, and the cutting and distribution is made in the cities of Soledade and Lajeado.

According to the consultant, they intend to create three research units, one directed at cutting, in the city of Lajeado; one for the production of artefacts, such as ash trays and ornamental pieces, in Soledade; and the third for the manufacture of jewels, in Guaporé.

The three units will be linked to the universities. The unit in Lajeado to the Vale do Taquari Integrated University (Univates); the unit in Soledade to the University of Passo Fundo (UPF); and the Guaporé unit to the University of Caxias do Sul (UCS).

In the meanwhile, the project research is being financed by the Mineral Resources Fund, administered by the Ministry of Science and Technology.

The group, however, has asked the state government for US\$ 70,800 to finish developing the project and is preparing a financing requirement from the Brazilian Development Bank (BNDES).

According to Diab, US\$ 3 million will be necessary for the initial investment and maintenance of the activities for a three-year period.

If the funds are granted in the first half of 2005, as the organizers expect, some of the center's activities should already start next year.

However, according to the Ministry's consultant, it will only be fully operational in about three years.

The activities will vary from research for better methods of using the raw materials, to technical courses to pass on knowledge and technology to the entrepreneurs, to supplying certificates for the gems.

More Natural Stones

One of the objectives of the project is to get the local companies to use natural raw materials rather than synthetic stones, which add less value to the products.

Diab explains that the amethyst, agate and citrine lapidary costs are currently very high for the manufacturers because they are cut by hand.

"For more expensive stones, such as the aquamarine, the cost is worth it," he explains. To make the process less expensive, according to the consultant, it is necessary to use state of the art technology. That is precisely what the center will try to take to the manufacturers.

The aim is that, with time, the structure become self sufficient and the entrepreneurs pay for the service provided.

The operation details and services, however, are still being discussed. In the group there are many companies and three Rio Grande do Sul miners cooperatives.

"We want to join efforts and form an information network about the sector," says Diab. The Development and Foreign Affairs Secretariat (Sedai) of the state of Rio Grande do Sul also supports the project.

There are about 500 companies in the stone exploit and jewellery sector in Rio Grande do Sul. However, only about 10% of these companies export.

"The center will help improve the quality of the product and indirectly benefit exports," says Diab.

According to information from the Brazilian Institute of Gems and Precious Metals (IBGM), apart from Rio Grande do Sul, there are also other manufacturing regions in the Brazilian states of São Paulo, Minas Gerais, Ceará and Paraná working to form local productive arrangements.

### Jewels in Foreign Markets

Last year, the gems and precious metals sector had US\$ 613.9 million in export revenues, of which 7.7% or US\$ 47.6 million represent uncut stones.

Cut stones generated US\$ 55.6 million and gold in bars, threads or plates, US\$ 327 million. The rest of the receipts - US\$ 183 million - came from products such as jewellery, plated items and costume jewellery.

Rio Grande do Sul participated with 6% of national exports. Last year the southern state sold US\$ 40 million in the international market, including jewellery, plated items, uncut and cut stones and stone artefacts.

"One of the center's objectives is to increase the state's participation in national exports," said the technical consultant working in the project for Univates, Walid El Koury Daoud.

National exports in the sector fell 4.2% last year over 2002. The products that registered a decrease in foreign sales, however, were gold, cut stones and precious metal products for industrial purposes.

Sales of uncut stones, jewels, stone artefacts, plated items and costume jewellery increased.

The aim at IBGM is that the sector export US\$ 1 billion in 2006. Last year, the sector had revenues of US\$ 1.5 billion, where 41% of the companies' receipts came from international trade.

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