

Myanmar's Fei Cui Raw Materials Market 緬甸翡翠原石市場近況

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作者記錄了2018年和2019年在緬甸舉行的內比都翡翠珠寶公盤拍賣結果，並表達了他對翡翠原料市場的觀感和展望。

Fei Cui is a granular to fibrous polycrystalline aggregate, which is composed solely, or principally of any of the following or any combination of the following: Jadeite, Omphacite & Kosmchlor. (GAHK, 2016).

Abstract

In this report on the 56th & 55th Myanmar Gems Emporia, the author draws comparison with earlier Emporia and gives his views on the state of the Fei Cui market. The dramatic price surges the market had come to expect have slowed since 2014 with the jade and trade policies of the PR China and Myanmar, as well as the international political

and economic environment resulting in a more sluggish fei cui market in recent years. Although he anticipates continuing ups and downs, the author is still optimistic about future developments in the fei cui market.

56th Myanmar Gems Emporium – 2019

The 56th Myanmar Gems Emporium 2019 was held from 11th to 20th March in Naypyidaw (“Nay Pyi Taw”). 6,974 lots of fei cui were exhibited, and of these, 5,263 lots were sold (75.48%). 4,000+ buyers registered to participate in these auctions. In 2019, 2,687 foreign buyers and 941 local buyers took part. Sales totaled €474,141,803 (approx RMB 4-billion). With vigorous bidding on graded materials suitable for bangles and top coloured fei cui jewellery, prices were soaring!



狀元：10588888歐元



榜眼：9111118歐元



探花：6699999歐元

Fig. 1 (L-R) The highest bid at the 2019 Emporium was €10,588,888; next highest was €9,111,118; and the third was €6,699,999. Red figures in the above pictures indicate the transaction prices in Euro. *Photos by Gold Uni Jewellery Co. Ltd. (Myanmar)*
(左至右)：2019年公盤最高標價€10,588,888; 第二高標價€9,111,118; 第三高標價€6,699,999。圖中紅色數字為成交價。



Fig. 2 High bids were also placed on these lots. (L-R) €4,600,999; €4,099,999; €2,258,999. Red figures in the above pictures indicate the transaction prices in Euro. *Photos by Gold Uni Jewellery Co. Ltd. (Myanmar).*

2019年公盤高標價(左至右) €4,600,999 ; €4,099,999 ; €2,258,999。圖中紅色數字為成交價。

55th Myanmar Gems Emporium – 2018

The auction of fei cui raw materials at the 2018 Myanmar Gems Emporium was held over ten days from the 20th to the 29th of June. A total of 6,795 lots (figure subsequently revised to 5,259 lots by the Emporium) were displayed, and 5,086 lots sold; a sales rate of 75%. The total turnover was €394.74 million or around HK\$4 billions. (Final figure revised to €423.10 million). Some revisions are common after the Emporium due to non-completion of transactions, etc. 4,335 buyers participated in the auction (some 3,300 foreign buyers and more than 1,000 locals). Unlike in previous public auctions, there was no open bidding, only closed bids. Reserve prices generally started from €4,000 with sellers adopting a low pricing strategy in order to attract buyers.

At the 2018 emporium auction, high-quality green fei cui remained very popular and competition for these lots was fierce. For example, for Lot 1796, two pieces from the Huikha mine (灰卡/會卡), Myanmar, weighing 83 kg, the reserve price was only €280,000, but the winning bid was a whopping €9,000,099, crowning it king of the 2018 emporium.

For Lot 2490, two pieces from the Mana mine (木納), Myanmar, weighing 3 kg, the reserve price was €680,000, but the highest bid was €4.06 million. Buyers reported that it was easier to achieve success on bids for middle and low quality lots. Around 75% of the lots were sold. The atmosphere and bidding had not been as crazy as it had been in the past. Although buyers from the PR China were still very much in evidence, domestic buyers from Myanmar were more prevalent than before, taking an active part in the bidding for high-quality rough. The fei cui market in Myanmar itself had become very active and demand was therefore increasing. The Emporium having raised the threshold for participating buyers to a 10% deposit on purchase, there was a significant drop in attendance. Moreover the fei cui retail market was deserted as over supply had diluted buyers' enthusiasm.

Generally speaking, the transaction amount, number of exhibitors and fei cui boulders displayed at the 55th Emporium indicated a downward trend. This was the result of new jade regulations introduced by the government in Myanmar in recent years that have weakened the market.



Fig. 3. In 2018, lot 1796 was sold for €9 million. 2018年 批號1796，中標價900萬歐元。



Fig.4 The Emporium 公盤翡翠原料展場



Fig. 5 The 55th Myanmar Gems Emporium
內比都55屆公盤

Changes at the Myanmar Fei Cui Emporium

The Myanmar fei cui emporium is an indicator of the state of the industry. Compared with earlier, vigorous Emporia, the 55th and 56th Naypytaw Emporia experienced a significant decline in both the number of fei cui exhibits and foreign and domestic buyers. This suggests a downturn in the Myanmar fei cui market.

Fei Cui Sales in 2014 to 2019 Emporia

Date	Emporium	Total Sales (HK\$-billion)
June 2014	51st	24
June 2015	52nd	7.5
June 2016	53rd	4.5
August 2017	54th	4
June 2018	55th	4
March 2019	56th	4.1

The world economy is sluggish, and China's economic development has slowed. These factors have directly affected the development of the fei cui industry. In short, the fei cui market has cooled, and the price of rough has fallen from its peak in 2014. In the 55th Emporium, many lots of high quality fei cui of good colour and translucency failed to reach the high reserve prices set and were withdrawn from the sale. For example, Lot 2496: two pieces of high-quality, good colour rough from the Nan Mi Maw mine (南奇場口), weighing 9.3 kg. The reserve price was as high as €15 million. It was the highest priced lot in the auction. Regrettably it was flown in on a gamble, and lost. Lot 2486: two boulders of high-quality, weighing 17 kg, with a reserve price of €5 million also failed to attract bidders. The percentage of successful transactions on high-quality fei cui dropped significantly. Even the largest green material delivered from the mining area – Lots 6129 and 6130, 4 cut pieces with a total weight of 112 tons at a reserve price of €11.4 million received no bids.



Fig. 6 There was no bid for the largest 112 ton fei cui boulders submitted for auction in 2018.

2018年最大的112噸翡翠原石無人投標

Fei cui has attracted the soubriquet “the crazy stone” recently, reflecting the volatile activity in the market. 3 to 4 fei cui auctions were being held in Myanmar every year and Fei Cui was the country's main source of official foreign income, exchange and trade for more than 50 years. In March 2012 an inflection point had been reached and the auction was suspended for 15 months. For the four years after 2013, it was held only once a year in June, and then, in 2019, in March. The numbers of lots and buyers participating in the auction have decreased sharply. The Myanmar Emporium is undergoing radical changes and the fei cui market itself is volatile and in need of regulation. Meanwhile, the price of rough has fallen and prices are much softer than in previous years, which is good news for the jadeite finished-products retail market.

In the 2019 emporium, only the prices of the highest quality fei cui rough soared, probably due to the scarcity of high end materials.

Since 2012, large-scale mechanised mining in Myanmar has been restricted. There are occasional armed conflicts around the major mining areas and some mining companies have shut down. The normal supply chain has been distorted. The auction at the Myanmar Emporium has become the only government approved platform for the purchase of fei cui rough. Due to the imbalance in supply and demand, fei cui rough, especially the high-quality material of good colour that is suitable for bangles (also called bangle material 手鐲料) are still in high demand.

Although there are sales of fei cui rough in other parts of Myanmar and China, such as the North Myanmar Gem Stone Market in Mandalay in Myanmar, Ruili (瑞麗) and Yingjiang (盈江) in Yunnan, those are very small. Pingzhou (平州) in

Guangdong Province (廣東省), is known as the best wholesale market in Mainland China, and fei cui auctions are held there every month. However, the turnover is very small, far from being on a par with Myanmar.

Myanmar has officially announced that it will no longer allow bidding for the mining rights of fei cui. If the mining rights of any company expire, these will not be extended. The mining area will then be put under the authority of the new Environmental Conservation & Forestry Ministry of Myanmar that has replaced the Myanmar Ministry of Mining. As a result, the vast numbers of fei cui miners are in a dilemma – with no obvious way out. And the Myanmar fei cui mining area itself is in a state of disorder. The Ministry of Mining has also been abolished in order to establish the Environmental Conservation & Forestry Ministry of Myanmar.

Projected mining developments & the Myanmar Gems Emporium

According to an announcement from the Myanmar Ministry of Mining the mining licences of 321 mines in LongKhin-Phakant (隆欽—帕敢), Khanti (坎迪) and Maishu (孟秀) expired in September 2017. 310 miners' rights were due at the end of July, and 365 at the end of August 2018. Around 1,000 large and small mines have been closed. The Ministry has not announced any plans to extend the mines' licences. A committee member of the Environmental Conservation & Forestry Ministry of Myanmar, speaking off-the-record, also informed the author that no existing licences would be renewed nor would applications to open new mines be considered. Indeed there is a rumor circulating in the jewellery industry in Myanmar that the whole jade mining area will be closed by 2020.

In recent decades, large-scale and advanced excavation equipment has been brought in to work at the jade mines. There are more than 100,000 mining companies both large and small and most of these operations are chaotic. In order to conserve what we can of these non-renewable resources, it is in fact time to bring some order into the overall operation of the industry.

In 2017 the Ministry of Mining announced that it would increase the export tax on fei cui rough to around 25%, encouraging the local processing of finished or semi-finished products for export. Accordingly, Fei cui processing and trading zones have been set up in Naypyaw, Mandalay, etc, and investments have been made in technology and in nurturing new talents among fei cui craftsmen – although progress is rather slow. The political and economic situation in Myanmar is undergoing

historic changes. In light of this, it is hoped that foreign investment in Myanmar will promote the economic development of the country in a variety of ways.

The demand for fei cui in its ancestral home, Myanmar, is increasing. In the vicinity of Mandalay, a “Jade Tower” has been constructed by religious groups. Ornaments and jewellery made of fei cui and jades are everywhere to be seen. Recently, the Myanmar government has encouraged domestic buyers to participate in public auctions. Seeing the number of Chinese buyers and the market demand for fei cui rough beginning to decline, it has been a deliberate policy to lower the bidding threshold and thus attract domestic funds into the jade industry. The success of this policy can be seen, as during the past two or three years, the number of domestic bidders and buyers has exceeded those from Mainland China, especially on sales of commercial and utility grade materials.



Fig. 9 The final bid at the 55th Myanmar Gems Emporium 2018
2018年第55屆緬甸翡翠公盤的最後一標

The history of Myanmar's Gems Emporium

1. The Burmese government (as it was then named) held the first Emporium (it's name for a public auction) at the Inya Lake Hotel in Yangon in 1964. This became an annual event.
2. In the 1990s there were additional mid-term Emporia in October or November of each year. And from 2006 yet another special Emporium was held in June or July each year.
3. As the amounts offered for sale and the number of buyers grew, the Emporium had to be relocated. It changed home 3 times.
4. As Fei Cui's popularity grew, so mining also increased rapidly to meet the soaring demand. Two or three hundred thousand miners worked in the industry, digging out the riverbeds and removing vast chunks of the mountains by hand, alongside large-scale mechanised mining.

The amount of fei cui currently available is the highest in history.

5. The Myanmar Emporium has become the world's largest fei cui market and trading centre. After 56 years of development, it is now at a critical juncture. With change and uncertainty all around, when will the Myanmar Emporium be held again? And on what scale and under what conditions? We may look into a Crystal Ball for the answers but for now they are swirling indecipherably in the mists.

The major markets for raw fei cui

1. China-Myanmar border: Tengchong (騰沖), Ruili (瑞麗), Yingjiang (盈江), also called the Outer Five Counties (外五縣等) in Yunnan.
2. Myanmar-Thailand border: Mae Sai (密色/美塞), Chiang Rai (清萊), Chiang Mai (清邁) and the Golden Triangle areas.
3. Pingzhou (平洲), Sihui (四會), Jieyang (揭陽), Hong Kong, Taiwan and other places in Guangdong, China
4. Phakant (帕敢) mining area and Mandalay (曼德勒/瓦城) Jade Market
5. The Myanmar Emporium is still the largest public trading centre for raw fei cui in the world.



Fig. 10 Mandalay Jade Market
曼德勒玉石市場

Fei Cui Nomenclature

Fei cui rough is named after its mine of origin. Examples are Phakant (帕敢), Kumti (厚江/后江), Mana (木納), Mauhan (莫汗), Sharu-kha (四通卡), Huikha (灰卡/會卡), etc. It is also named according to its variety, describing the appearance and characteristics of the material, e.g., *golden silk*, *glassy*, *icy*, *dry green*, *plum green*, *lavender*, etc. Some boulders may also be named for the year they were brought to the market, such as *the 82 stone*, *the 83 stone*, *the 91 stone*, etc. Many simply

keep their Myanmar names, which are generally delightfully descriptive, such as “htelongsen” (鐵龍生, also named “Htal Lone Seinn”), meaning “full of green” in the language of Myanmar.

The outlook for the fei cui market

The auction results at the Myanmar Emporium form a barometer for the fei cui and jewellery industry. They tell us that there are both challenges and opportunities ahead. A substantial number of sales made during the 54th Emporium were not actually completed. Those lots were re-auctioned in the 55th Emporium. Myanmar seems to be limiting supply with an eye to the PRC market; cutting back the quantity of fei cui rough at the Emporia and pushing up the bid prices which have soared over the last decade. But, in the finished-products sector, life is bleak. The supply of fei cui jewellery greatly exceeds demand. The situation is difficult for both buyers and sellers.

Myanmar has announced that it will be raising the export tax on fei cui rough and Mainland China has also levied taxes on imports, which, obviously, greatly restricts trade already curtailed by international economic and political factors. The jewellery fairs in Shanghai, Hong Kong and Beijing have been bleak events recently, with buyers in short supply, trade sluggish and exhibitors vocal in their disappointment.

The political and economic environment directly affects the prices and trends of the fei cui industry. The recent anti-corruption campaign in the PRC has successfully curbed improper trading in high-end jewellery and checked the soaring prices. Prices have cooled and there has been a palpable return to rationality.

There have been significant bubbles in the fei cui market. Elimination of such bubbles will benefit the entire industry in the long run. And this is a very special industry. Fei Cui is a non renewable resource, a material that is only available from outside the country that has nevertheless worked its way into the heart and culture of China. But for Fei Cui to become a globally attractive product rather than one that has little following outside Asia, the industry must adapt. There must be innovation and improvements in both design and processing.

Overall outlook: The author is optimistic as to the future of the fei cui industry. While the market may experience many more ups and downs it is still in an early stage of its long term development. We foresee a bright future in the international arena.

Note: Data of this article were supplied by Gold Uni Jewellery Co, Ltd. (Myanmar).

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