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Auction houses lose heads as sales collapse

Oversupply and changes in taste are to blame, says *Simon de Burton*

After five years of exceptional watch sales at auction houses in Hong Kong, a recent sharp downturn has coincided with resignations and job moves, leaving Sotheby's and Christie's without permanent department heads and Bonhams with no regional department at all.

In early 2016, the head of Sotheby's Asian watch department, Sharon Chan, announced her resignation along with other members of her team, making the department rudderless at a time of significant difficulty in the market. New York-based Katharine Thomas is serving as acting head.

Christie's, meanwhile, is also without a Hong Kong watch department head after Frederic Watrelot moved to the

firm's Los Angeles office to focus on building the US business.

And following the departure of Nick Biebuyck – who quit to join Christie's as a senior specialist – Bonhams' watch department in Hong Kong has disappeared.

The fall in auction sales preceding these moves has been precipitous. Sotheby's sales in Hong Kong declined from HK\$221.5m (\$28.6m) in April 2013, a global record for the house, to HK\$65.6m three years later. Christie's most recent Asian watch sale in May grossed HK\$99.3m, compared with a high of HK\$186.3m in November 2012.

Auctions can be much smaller too. Bonhams' last event had 68 lots in June and realised less than HK\$5m. Typical sales a few years ago featured 120-plus lots worth nearer HK\$15m.

These poorer results may in part be driven by the severe downturn in the retail market. A glut of leftover product is now being offered at significant discounts at retail outlets in Hong Kong, negating the inclination for buyers to seek out pieces in the salerooms.

Swiss watch exports to Hong Kong were down 29 per cent year-on-year to

August, according to the Federation of the Swiss Watch Industry. This is part of a worldwide trend – 2.1m fewer watches were sold from January to August 2016 than the year before.

The fall in retail sales has been prompted by, among other factors, competition from smartwatches, the Chinese crackdown on bribery and a trend for Asian watch-buyers to shop abroad – especially in London, to take advantage of the post-Brexit fall in the value of sterling.

Watch specialist Charles Tearle, a Los Angeles-based consultant with watch-focused auction house Antiquorum, says collectors are now travelling from the US to Hong Kong to snap up bargains from retailers instead of auctioneers. "There is so much inventory there that supply is far exceeding demand. One client of mine recently flew to Hong Kong to buy a Breguet tourbillon and paid 20 per cent less for it than the last example sold for at auction," says Mr Tearle.

One watch expert believes auctioneers are facing additional competition from the growing number of private collectors' clubs. "I really think the

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A glut of leftover product is negating the inclination to seek out pieces in the salerooms



Jaded A precious stone brings cash and calamity

Myanmar is home to the world's best jade, sought after by the Chinese and extremely valuable. But jade-pickers work in harsh conditions, and its extraction brings corruption,

landslides and social problems. We look at Myanmar's jade trade, hear from transparency campaigners and ask whether the cost of the green stone to the country is too high. **Page 9**

Dior

La Mini D de Dior Satine
Pink gold and diamonds

Watches & Jewellery

Chinese visitors are buoying Tokyo's boutiques – but perhaps only for now, says *Leo Lewis*

Japan still a diamond in the rough luxury sector

For those who spend a lot of their time between the jewellery boutiques and the haute couture stores of Tokyo's Ginza district, a new joke suggests an easy way to tell local Japanese from the Chinese tourists.

Both types will rendezvous with their friends and family under the imposing portico of Mitsukoshi – Ginza's most famous department store and meeting spot. The Chinese, by recent tradition, will rush inside and buy a Bottega Veneta handbag for ¥300,000 (\$2,900). The Japanese will rush across the road to Doutor, a thrifty coffee shop, and buy a latte for ¥300.

It is gallows humour that reveals a Japanese luxury goods industry in outward health, but also in a state of fundamental transformation.

On paper, things could not be better. Between 2010 and 2015, according to data from Euromonitor International, the value (in 2015 dollar terms) of the Japanese luxury goods market jumped by almost 25 per cent from \$20.9bn to \$26.1bn. The growth was not quite as

steep as the 52 per cent growth in China over the same period, but for a developed market, it was striking.

Beneath those figures, however, Japanese tastes in luxury, from jewellery and watches to handbags and headscarves, have been shifting towards value for money and low ostentation. Much of that is natural in an ageing population whose tastes have matured, and much of it is the effect of a generation of Japanese now in their 30s having grown up with 20 years of on-off deflation.

Chinese tourists, meanwhile, are not just arriving in Japan in record numbers, but on a scale that has smashed the government's most bullish predictions: up 38 per cent to 3.8m in the year to July, according to the Japan National Tourism Organisation. Jin Weijun, a tourist from Dalian in north-east China, conforms to the stereotype of the Ginza Chinese tourist: he and his girlfriend have spent the past hour at Mitsukoshi comparing four pieces of Van Cleef & Arpels jewellery, all of them costing more than ¥1m each. "When all your friends know you are going to Tokyo, you have to

Window shopping: a Chinese tourist looks out of a bus in Ginza

Bloomberg

come back with something that shows you spent money there," says Mr Jin, a website designer.

That surge of arrivals and spending has been a consistent support for the last three and a half years of Prime Minister Shinzo Abe's economic revival programme. Policies which caused the yen to weaken from ¥80 against the dollar in late 2012 to ¥125 in mid-2015 made Tokyo a particular magnet for luxury shoppers: at one point, and in defiance of conventional thinking, analysts calculated that a top-of-the-range Louis Vuitton bag was cheaper in Tokyo than in low-tax Hong Kong.

Moves to relax the visa application process for Chinese spurred things further, creating an unprecedented wave of customers for jewellery boutiques that had grown used to handling a trickle of browsers each day. The decision by Japan's two main airlines, JAL and ANA, to offer double baggage allowance on economy-class flights from Chinese cities to Tokyo provided yet more incentive to cram bags with the highest-end goods that Japan could offer.

Wei Lijia is one of a growing number of Chinese who staff the luxury goods sales floors of department stores like Mitsukoshi and Takashimaya to ensure that Chinese tourists receive, in Mandarin and with subtle nods to their national taste, the impeccable service for which Japan is known.

"Luxury goods mean something different to Chinese and Japanese. They both understand quality and price, but for Japanese there is always this feeling that the actual purchase can wait. For the Chinese, there is this idea that if they don't buy it now, it will be gone while they are thinking about it," says Ms Wei.

In another symbol of Japan's rapid adaptation to outsiders' sense of glamour, the transport ministry has begun a study on whether it should encourage taxi companies to operate stretch limousines – vehicles that represent the very opposite of Japan's lower-key approach to luxury.

The rise in tourist numbers has been felt nationwide, but especially so in Ginza, where even on a drizzly Tuesday night in September the pavements are

thronged and Mandarin is the main language on the shop floors.

However, concern is rising over the sustainability of the boom. Discounting by US department stores, tumbling tourist flows in Europe, especially Paris, and high double-digit falls in the once feverish markets of Hong Kong and Macau have cut growth expectations for the full year in 2016 to between 0 per cent and 2 per cent; in some cases, there may be contraction. In September, luxury conglomerate Richemont reported sales down 13 per cent in constant currencies in the five months to the end of August and stressed weakness in Hong Kong and Macau.

Bain & Co analysts, meanwhile, confirm Japan as the world's top market for luxury growth, predicting between 5 per cent and 7 per cent growth.

The biggest source of risk, say analysts, remains the yen. July spending by tourists in Japan's department stores was 20 per cent lower than the same month a year earlier. Over that 12 month period, not coincidentally, the yen strengthened by almost 20 per cent.

"When you go to Tokyo, you have to come back with something that shows you spent money there"



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Auction houses lose heads as sales collapse

Continued from page 1
traditional watch auction model which was previously so successful in Asia is no longer viable," says the expert, who asked not to be named.

"Collectors are starting to trade watches privately among themselves, which enables them to avoid auctioneers' premiums and to cut better deals. The likes of Christie's and Sotheby's need to change their game plan if they are to win back buyers."

Asian auction-goers also appear to be moving towards rarer, harder-to-source vintage pieces, turning away from the contemporary watches that made up the bulk of what has lately crossed the block in Hong Kong.

Phillips is one example of an auction house thriving in Hong Kong in part because of its focus on vintage items. Having re-established its international watch sales department only two years ago after a 10-year hiatus, it now holds the number-one spot not only in Europe but also in Asia.

In May, the house staged its second Hong Kong auction, grossing HK\$150.7m and setting a world record for any watch sold at auction in the region for a 1968 Patek Philippe Reference 2499 (HK\$19.7m).

Auctioneer Aurel Bac, the consultant who organises the sales in association with Phillips, believes the firm has been successful because it realised early on that the Hong Kong watch auction market could not sustain bulk sales of contemporary, widely-available pieces. "I have felt for a long time that the days of staging auctions for the sort of watches sold tax-free at airports have been numbered," says Mr Bac.



House rules: Bonhams' Hong Kong showroom

To that end, Phillips and Mr Bac have put together a groundbreaking event scheduled for November 28. Hong Kong's first-ever auction of solely vintage watches will comprise 38 lots with an overall value of around US\$5m. It aims to tell the history of Rolex by featuring one example of every model made since the name was registered just over a century ago.

The other houses say they intend to rebuild their departments and change strategies. "A head of department leaving does have an impact on sourcing and I understand that people might have felt less confident in consigning [watches to auction]," says Maria Kelly, Sotheby's international divisional director for jewellery and watches.

Sotheby's has put together a 290-lot sale through its regional and international offices scheduled to take place on October 5 in Hong Kong. It has a presale estimate of US\$4.8m-\$6.9m. "If we don't have a great sale in October then we will just have to accept that – but the [auction] market in Asia has changed, and my priority now is to rebuild the team and develop a strategy based on that," says Ms Kelly.

"Despite less than stellar news on lux-

ury in Asia, we see the watch market there as very much alive and well," says John Reardon, international head of Christie's watch department, who adds that the house will announce a new specialist in Hong Kong. He also says that "our November Hong Kong sale will include our most diverse selection of vintage watches yet."

"We will continue to have a watch department in Hong Kong and are currently looking to recruit a team," says Jonathan Darracott, global head of watches at Bonhams. "We did see the change coming – the market was simply being flooded with too many modern pieces."

"But the beauty of auction houses is that we can bend to the trend, and Bonhams will certainly stage another Hong Kong watch sale in the first quarter of next year."

However, Julien Schaerer, managing director in Geneva of Antiquorum, does not see a simple switch to selling vintage pieces as a panacea.

"Vintage is growing in Asia, but it remains a very small market. Modern pieces still represent an important part of the business and I don't think we can start to disregard that."

Contributors

Simon de Burton
Contributing editor, How to Spend It

Nicholas Foulkes
Contributing editor, How to Spend It

Leo Lewis
Tokyo correspondent

Louise Lucas
Asia news editor

Claire Adler, Camilla Apar, Ming Liu, Daniel Pye, Sarah Shannon
Freelance journalists

Josh Spero
Commissioning editor

Steven Bird
Designer

Alan Knox
Picture editor

For advertising details, contact:
Mark Howarth on +44 (0)20 7875 4885 or at mark.howarth@ft.com, or your usual FT representative.

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Mooning over a Chinese complication

Mechanisms Non-western, lunar calendars are practical and astronomical challenges for watchmakers, says *Nicholas Foulkes*

When the Chinese watch boom was at its height, manufacturers put any number of traditional motifs on to watch dials to make timepieces attractive to that market. To illustrate the incentive, Swiss watch exports to China went from SFr45m (\$47m) in 2000 to SFr1.4bn in 2014.

However, some makers eschewed the manufacture of watches busy with Chinese symbols for something a little more profound. "I was never really in favour of doing special models for a country or something like that," says Marc Hayek, chief executive of Blancpain. "But at the same time you take the influence from different cultures, and the fascination was learning more about Chinese culture," he says of the thinking behind Blancpain's Chinese calendar watch, launched in 2012, which has densely printed Chinese characters around its three subdials.

The idea of making a Chinese calendar watch first arose about a decade ago when he discussed the idea with some friends in Taiwan. Beyond naming its years after animals, the Chinese calendar is lunisolar. That is to say, it is based on the cycle of the moon, or 29.5 days. A year of 12 lunar months works out, therefore, approximately 11 days short of the solar year of 365.24 days.

The western or Gregorian calendar – calibrated around the day – adds its extra day during leap years to make sure that the calendar and the seasons do not get out of sync over time.

By contrast, in the Chinese calendar a leap month must be added. This means that the year is either shorter or (periodically) longer than the solar year, and accounts for the changing date of Chinese new year.

For a calendar watch to function over the long term, a cycle must be found for watchmakers to design a mechanism around. Eventually Mr Hayek's watchmakers were able to discern a cycle in the Chinese calendar that repeated itself every 60 years. The watch's key features included the indication of leap months and the signs of the



zodiac, the five elements and the 10 celestial stems (an ancient system of counting).

"The combination of the latter with the 12 animals of the zodiac that represent the terrestrial branches follows the 60-year cycle that is central to Chinese culture," explains the brand. And given that the moonphase is a signature complication of Blancpain, as a maison it is suited to the lunisolar basis of the Chinese calendar.

"It took years to understand what was in there and what was needed and not needed," says Mr Hayek of the different indications on the watch face. At the start of the project, "I said, 'OK, let's see what has been done,' and then we realised that nothing [similar] exists and I got more passionate, and that is how it really started."

It is this desire to go where no watchmaker has gone before which motivates such innovations, says Julien Marchenoir, director of heritage and strategy at Vacheron Constantin. "Calendars are traditionally part of astronomical complications, and in recent years when everybody was saying that everything had been invented, a trend in watchmaking began for astronomy... [This] fascinates because looking at the sky represents a way to dream again and escape from what is sometimes very hard reality."

Vacheron Constantin has had its own calendar conundrum, he adds. "The various calendars represent the diversity of our culture and sometimes

present a technical challenge like the Jewish calendar of the Reference 57260 we presented at the occasion of our 260th anniversary, as it had never been mechanically reproduced before."

Indeed, given the development time and the resources of skilled watchmakers needed, the specialised calendar remains a complication that is often linked to commemorative events. In 1989, when it was marking the 150th anniversary of founder Antoni Patek's first pocket watch, Patek Philippe released the Calibre 89, one of whose complications predicts the notoriously mobile date of Easter. The team dedicated to this watch had worked in secret for almost a decade.

Twenty-five years later for the 175th anniversary, Patek Philippe launched the Grandmaster Chime, an ingenious calendar watch that did not merely display the day, date and month in the traditional visual fashion but, in a watchmaking first, indicated it aurally too. This was a unique combination of two great complications, applying the sound-creation of a minute repeater to the date of a calendar.

While such watches are unlikely to become commercial, they are a demonstration of expertise. As well as providing brand definition and identity, they underline the role of a complicated watch as not merely a luxury item but as an object representing, as Mr Marchenoir puts it, "a technical and cultural interest that says something about who we are and where we come from".

Moon landing: Blancpain's Calendrier Chinois

A cycle in the Chinese calendar repeats itself every 60 years

Inside

Chau time

Broadcaster James Chau takes us through the watches which mean most to him – plus one unusual grocery-store plastic bracelet

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The Huawei way

The smartwatch market has got off to a bumpy start, but Huawei is grabbing a share (and some attention) with its contribution

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In brief

Short stories about a watch whose bark is worse than its bite; an exhibition in Shanghai with the ring of truth; and a pianist hitting all the right notes with his wrist

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A day with the daigou

Why are young women acting as overseas shoppers – daigou – in London's most luxurious boutiques and department stores for wealthy Chinese back home?

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Chan can

Jeweller Wallace Chan is a fan of modern pieces which incorporate historical stones

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Jade trade shade

Myanmar produces the world's finest and most valuable jade, but the industry is closed, corrupt and those who work in it risk their lives. We investigate the power of a green stone

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Endangered species

Jewellery-making involves delicate and rare skills, but technology and taste are threatening their extinction

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Watches & Jewellery

My Favourite Pieces Journalist James Chau's collection marks time passing personally and nationally. By *Ming Liu*

Watching the Chinese Dream

As a broadcast journalist, James Chau readily admits that his "uniform" of a suit and tie offers little scope for personality. "But I can play around with watches and cufflinks," says Mr Chau, a special contributor to China Central Television (CCTV), the state-owned broadcaster whose channels are beamed to more than 1.36bn viewers in over 100 countries. "That's where I try to add some colour – not only for the audience but also for myself."

Mr Chau, who was born in the UK, was a CCTV anchorman for a decade, interviewing personalities ranging from Aung San Suu Kyi and Robert Mugabe to Diane von Furstenberg and Elton John. He is a goodwill ambassador for the United Nations Programme on HIV/Aids (UNAids) and the World Health Organisation; the latter role he shares with China's first lady, Peng Liyuan. Both roles influence his watch and jewellery choices, whether collecting pieces on his travels or wearing them for specific occasions. "Each is associated with a time, place or moment in my life," Mr Chau says.

Tiffany CT60 (2015)

After years flitting between a Cartier Tank Française and Bulgari Diagono, Mr Chau started wearing a steel Tiffany Atlas watch in 2007 (bottom right). Mr Chau, then 29, had recently moved to China, and it was "coming up to the [Beijing] Olympics", he says, a time when China seemed particularly flush with opportunity – a mood he acutely felt too.

"I was doing the morning news and wanted something very smart to wear," he says, and the Tiffany brand fit the bill – so much that last year Mr Chau switched to the house's latest CT60 chronograph, in rose gold with a black leather strap (right).

The two watches, worn some 10 years apart, tell a larger story, he says. "I've seen how China has changed as a luxury market, in terms of how 1.3bn-plus individuals all have their own dreams. Here we call it the 'Chinese Dream', and it's similar to the American Dream – an aspiration to lead a more magical life."

Kienzle boys' watch (1968-69)

When Mr Chau was appointed a UNAids national goodwill ambassador for China in 2009, the epidemiologist Dr Bernhard Schwartländer (today at the helm of the WHO in China) gave him a black plastic watch by German manufacture Kienzle. Dr Schwartländer purchased the boys' size watch with red hands (middle right) in 1968-69, around his 10th birthday.

"It's far too small for me and not particularly comfortable," says Mr Chau with a smile, but he wears the piece for strength. "When someone gives you something which carries enormous emotional value to them, it's clearly a sign of the conviction and belief they have in you – and therefore what you should feel within yourself."

The mechanical watch is worn and scratched, giving it an "authenticity and rawness" that Mr Chau finds refreshing in light of China's lavish gift-giving culture. Asked about the national anti-corruption crackdown, Mr Chau believes it is "spot on": "It will only create common wealth rather than just wealth for a few... [and]



Face it: James Chau at home
Liang Haisong/Imaginechina

return us to a value system that is not only lacking here but everywhere."

For watches, specifically, this means that "rather than merely purchasing a watch to satisfy a relationship, it returns us to the core of horology – which is about design, mechanisms, movements, as well as the art and science of measuring time."

Rolex Oyster Perpetual (c1950)

Another favourite is a Rolex Oyster Perpetual (bottom left) that Mr Chau's grandfather purchased in postwar Hong Kong. With a specially commissioned gold bracelet, the piece features a bubble back with beautiful inset grooves. Mr Chau's grandfather wore it for most of his life before passing it down to Mr Chau's father, a maker of nautical and aviation instruments.

The watch stayed in the bank for decades until Mr Chau's father died in 2013. "We took it out of the bank and I started wearing it. The watch shows a continuity of three men in one family, and one day it will go to my son or someone equally special to me."

SDG pin (2016)

In February 2016, Mr Chau was named a WHO goodwill ambassador for the UN's Sustainable Development Goals and Health. The Sustainable Development Goals comprise 17 milestones – from ending poverty and hunger to achieving gender equality – which countries must meet by 2030, and a special pin (main picture) has been created with each development goal represented by a different colour.

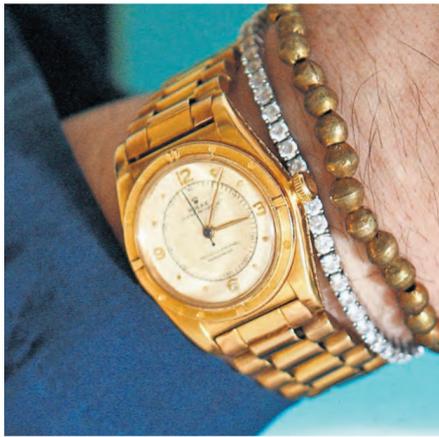
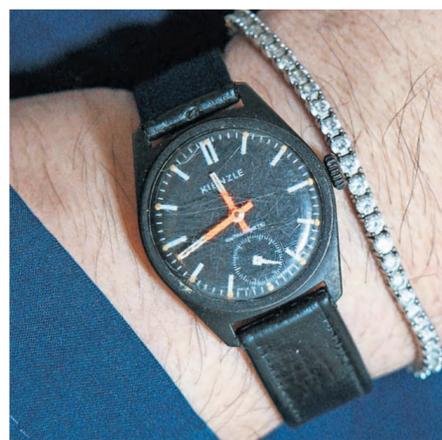
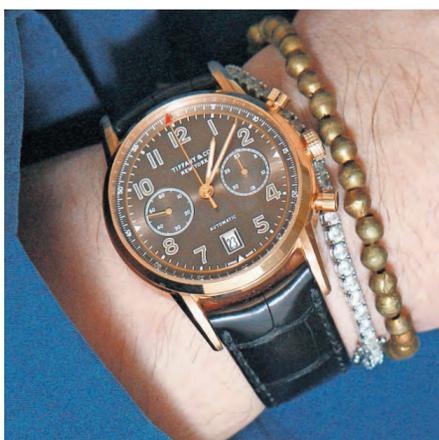
Mr Chau, who picked one up at the UN bookstore in New York, notes its circular shape. "The beauty of the SDG is they're not 17 vertical and distinct goals, but 17 goals with some 100 targets that meld together," he says. The many nations, both rich and poor, tasked with achieving the SDG are also inextricably linked. "It reminds us that we live in a world that is transformative – where there is Brexit, or the Syrian crisis," he says. "Yet [it is] a world where the refugee crisis, for example, now lands in the very heart of rich economic Europe."

This month he wore the pin while moderating an event at the UN General Assembly. "I should be wearing it everyday – on T-shirts, anything – as a reminder of how global challenges exist daily. As an SDG goodwill ambassador, you're a footsoldier for all the challenges we face."

Green plastic bracelet

A green elasticated bracelet (left), fashioned from plastic cubes with images of Catholic saints stuck on, may be an unlikely piece for a TV presenter who has interviewed world leaders and billionaires, but once more it carries personal significance for Mr Chau.

"I found it at a Middle Eastern grocery store in Switzerland, tucked between the lollipops and chewing gum at the checkout," recalls Mr Chau. He was with his friend Michael Fischbacher, the Swiss textile manufacturer, who ended up buying the piece for Mr Chau. "It was probably all but four francs," says Mr Chau. "But I rather love my green plastic bracelet as it was given to me by a friend."



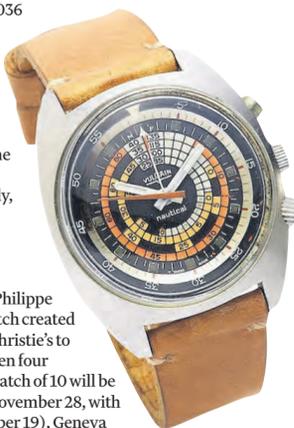
I've seen how China has changed as a luxury market: 1.3bn individuals all have their own dreams'

Time goes backwards at Asian auctions

Further evidence that the Asian auction market is turning towards vintage pieces (see front page) was demonstrated at Hong Kong's most recent sale in July when Antiquorum achieved HK\$2.2m (\$280,000), excluding premium, for a rare 1952 Rolex chronograph. The Reference 6036 model is known among collectors as the "Jean-Claude Killy" because it is the type of watch worn by the French triple Olympic gold medal winning ski racer, who was also one of the first Rolex brand ambassadors. The watch sold by Antiquorum was one of 144 examples of the 6036 to have been made in pink gold and carried the sort of patina that, until recently, was not popular among Asian collectors.

Nauti but nice

This year's 40th anniversary of the Patek Philippe Nautilus – the porthole-shaped sports watch created by Gérald Genta in 1976 – has prompted Christie's to offer 40 different examples divided between four separate auctions around the world. One batch of 10 will be included in the firm's Hong Kong sale on November 28, with others coming up for grabs in Dubai (October 19), Geneva



(November 14) and New York (December 6). The house already holds the auction record for a Nautilus following the sale of a 1982 Reference 3700/031 "Jumbo" model that fetched \$896,545, double the estimate, at a Geneva sale in May 2015.

Aquatic alert

A rare example of the Vulcain Cricket Nautical, the first mechanical alarm diving watch capable of descending to 300m, sold for a modest HK\$31,000 (\$4,000), when it crossed the block at Bonhams in Hong Kong during the summer. The Nautical (left), which featured an alarm bell that could be set to ring under water to alert a diver that it was time to head for the surface, was first introduced in 1961. The version sold at Bonhams, however, was one of 300 reissues produced in 1970 with a special dial design that enabled the watch to be used for decompression calculations.

Qing Qing

A remarkable enamelled and pearl-set pocket watch (above) made by the Swiss firm of Juvet may fetch up to €15,000 when it comes under the hammer at the Dr Crott auction house in Frankfurt on November 12. Edouard Juvet began exporting watches from Switzerland to China in 1856, shortly after which he set up branches of the business in Beijing, Tianjin and Shanghai. Juvet products proved especially popular with



Qing dynasty royalty, which led to ownership of one being regarded as a symbol of nobility. Indeed, so popular were Juvet's timepieces in late 19th-century China that, in an 1872 letter sent back to the firm's Fleurier headquarters, one of the founder's sons wrote: "Our watches sell like salt."

Sotheby's: it's complicated

The star of Sotheby's Hong Kong watch sale, to be held on October 5 despite turmoil in the department (see front page), will be a rare Patek Philippe Reference 5013P, one of the most complicated wristwatches ever made by the company (right). Its 515-part movement combines a minute repeater mechanism with a retrograde date, perpetual calendar display and moon phase indicator. When the watch was launched in 1992, it was the first to combine the retrograde date complication with automatic winding and has come to be regarded as a classic. The example on offer at Sotheby's is in immaculate condition, with an estimate of HK\$2.8m-\$3.8m (US\$360,000-\$490,000).
Simon de Burton





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Watches & Jewellery

Wearable tech that can win the west

Smartwatches Huawei has entered a market dominated by Apple, but its vice-president thinks it can compete in the US. By *Louise Lucas*

Huawei has come a long way. Founded in 1987 by Ren Zhengfei, a former Chinese military officer, it has grown to become one of the world's biggest telecoms companies. Last year it shipped more than 100m smartphones, a first for a Chinese business, and domestic sales grew to rival those of market leader Xiaomi. Now Huawei is jostling for a place in the vanguard of smartwatches, using Google's Android Wear operating system.

The Huawei watch is its first attempt to steal a march in that market and to woo buyers in China and beyond. (In the second quarter of 2016, 3.5m smartwatches were sold worldwide, according to IDC Research, down from 5.1m the year before.) It has won plaudits for its design — traditional, with a stainless steel case, sapphire crystal and steel or leather straps — and held its own among rivals for specifications like its display.

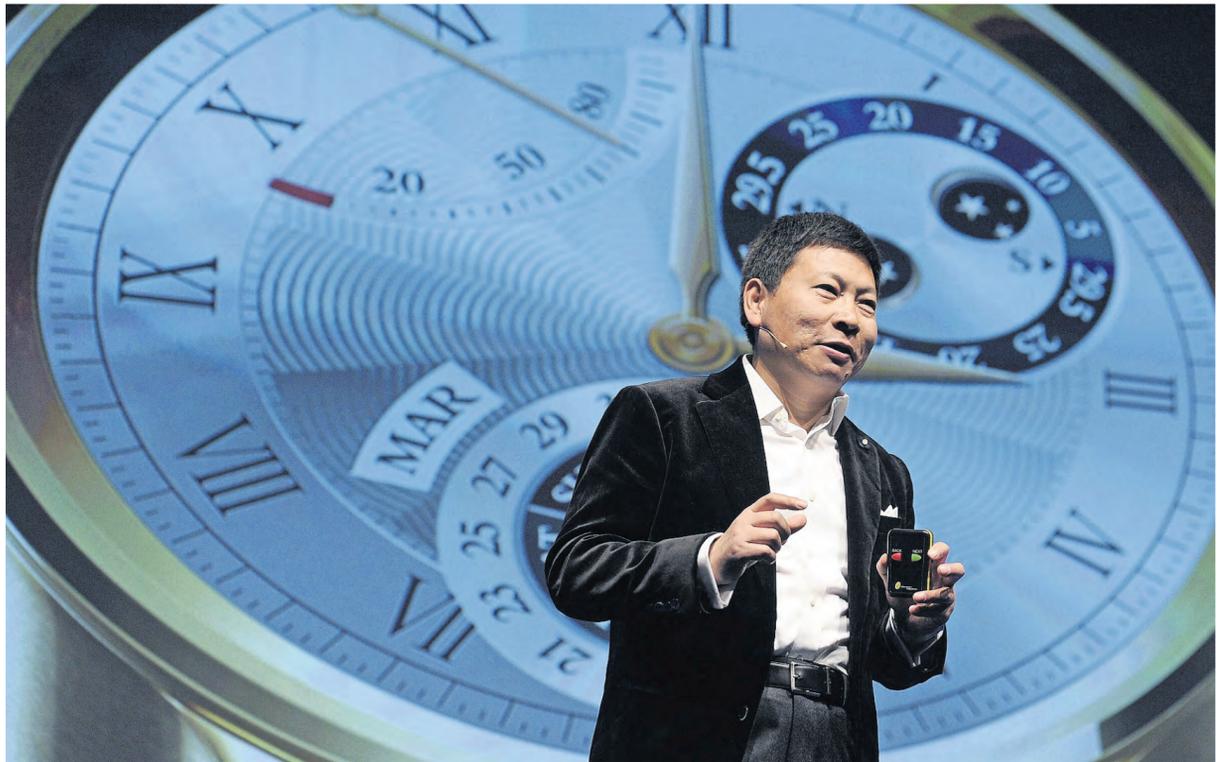
"We believe the smartwatch is a very valuable part of wearables, and wearables are very important for connecting people to the network," says Rico Zhang, vice-president in charge of wearables. "It is also part of our strategy. Huawei will put a lot of investment into the internet of things, and wearable devices are a most important part of that."

The move brings Huawei, whose roots are in telecoms infrastructure, ever further into people's homes and lives. In the first half of 2016, its consumer division created one-third of its Rmb245.5bn (\$36.8bn) revenue, up from zero five years ago. Much of that has come from smartphones, of which it sold 60m in that period. Huawei's ultimate goal is to unseat Apple and Samsung from the top of the global league tables in five years; its latest model, the sleek P9, is aimed at catapulting the company from its emerging markets base into Europe and elsewhere in the rich world.

Wearables also fit into Huawei's views on profitability: "The closer to the human body, the higher the value of the device," says Mr Zhang. For him, it is a matter of time before its smartwatch woos new users, who he says do not immediately accept new things and have high expectations.

As happened in the early days of smartphones, there are imperfections in the products and advances to come — longer battery life, better connectivity, more autonomous use without requiring a phone to sync with — but Huawei, like its peers, is on the case. "It will get better and better," Mr Zhang says.

Applications-wise, the company looked into the features people most looked for in a smartwatch. The answer, says Mr Zhang, was WeChat — the popular messaging service owned by internet giant Tencent — and social media. Huawei is counting on its apps, ecosystem and standalone connectivity to win over buyers and ultimately replace traditional watches.



Review Can Huawei handle Hong Kong heat?

It is not a good start when you need to dial up a YouTube tutorial to take the watch out of the box, but put that down to its snug fit and a cushiony watch-rest. The watch, running on Android Wear, has a minimalist, masculine cut — big dial, clean face, metallic strap. (Six alternative designs are available and there are further "styles for ladies".)

The 1.4in sapphire crystal face makes it almost scratch-proof, while screen resolution is a relatively high 400x400, at 286 pixels per inch.

Preloaded graphics are a little cutesy, with kindergarten-style trees and mountains the backdrop to your daily step count, though colours are bright and clear.

It ticks off the important basics easily — accuracy, clear numbers for reading on the go and intuitive handling. The battery needed charging every night, but it swipes cleanly and easily — or at least until challenged by Hong Kong's humidity and any sweaty exercise therein.

Louise Lucas

Huawei's Richard Yu presents the company's smartwatch
AFP/Getty Images

Controversy over its ownership has hounded its US ambitions — in 2012 the US House intelligence committee claimed it "cannot be trusted to be free of foreign state influence", claims repeatedly rejected by Huawei. The company has had more success in Europe.

Last year it recruited former BP chief executive Lord Browne to head a UK board of directors that will oversee British operations. It was a move aimed at dispelling international concerns over its governance and described by then-chief executive Ken Hu as "the latest illustration of Huawei's commitment to openness and transparency and to continuing to build relationships of trust in the UK and across the world".

Huawei is not the only Chinese player hoping to break into the wearables market. Its rival Xiaomi, with its manufacturing partner Huami, has had a hit with a \$15 wristband. The device tracks — with variable accuracy — heartbeat, steps and sleeping patterns. More than 24m have been sold in China since its launch in August 2014.

SWISS BLOCKBUSTER.



Pilot's Watch Spitfire Chronograph Edition "BFI London Film Festival 2016" Ref. IW387812: Like a good movie, this watch relies on precision and perfect craftsmanship. The timepiece houses IWC Calibre 89 alongside a chronograph and fly-back function. **IWC. ENGINEERED FOR MEN.**

Mechanical chronograph, Self-winding, Date display, Stopwatch function with minutes and seconds, Flyback function, Antireflective sapphire glass, Unique Blue Alligator Strap, Case back engraved with BFI Film Forever, Water-resistant 6 bar, Stainless steel

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IWC
SCHAFFHAUSEN

Watch goes to the dogs in Hong Kong

London vintage watch dealer Somlo Antiques heads east on Sunday to exhibit at the Fine Art Asia fair in Hong Kong, the first event in the region's annual fine art "season". One of the star pieces on the Somlo stand will be a rare gold and enamel quarter-repeating pocket watch made by Piguet and Meylan in 1820 (above). The dial depicts a swan being chased by a dog, whose head moves up and down as it runs. The repeating mechanism is particularly clever: instead of sounding the time on a gong in the usual manner, it activates a set of bellows which mimic the sound of barking. It is thought that only 21 such watches survive.

Ring around

Audemars Piguet is staging a combined exhibition of fine watchmaking and contemporary art at Shanghai's Yuz Museum next month. It will feature 200 watches (such as the one below), 135 of which are from the brand's official collection, making it the largest such display ever seen abroad. Conceived by French designer Mathieu Lehanneur and curated by AP's museum director, Sebastian Vivas, the show is based around a giant copper ring with 12 doors leading to rooms that tell AP's story through a combination of watches and works by contemporary artists such as Cheng Ran, Dan Holdsworth and Alexandre Joly. The event runs from October 28 to November 13 at the Yuz Museum, which was founded by Chinese-Indonesian collector Budi Tek in a converted aircraft hangar.

Mac-ouch

IWC has opened its largest boutique in Macau inside the new floral-themed Wynn Palace resort. The 110 sq m space is divided into areas dedicated to the brand's different watch families, which range from classic models such as the Portofino and Da Vinci to the signature Pilot and Portugieser lines.

At the end of the "journey", visitors arrive in a club-like lounge, complete with roaring fire. IWC already has two Macau boutiques and plans to open another at the Wynn resort by the end of the year. However, at its recent annual general meeting, IWC's owner Richemont cited the continued weak performance of its brands in Macau as contributing to a 13 per cent drop in the group's worldwide sales in the five months to the end of August.

Monkey business

Pierre Jaquet-Droz was an 18th-century maker of automaton clocks whose wares beguiled the Chinese emperor to such an extent that he was the first Swiss horologist to have his creations admitted to the imperial court. Owned by the Swatch Group since 2000, the modern-day Jaquet Droz brand still plays on the Far East connection, typically with new models such as the "Relief Monkey" (2016 is the year of the monkey in the Chinese zodiac calendar). The dial (right) depicts Sun Wukong, the "Monkey King" who was put in charge of the garden of celestial peaches — and proceeded to eat the lot to gain immortality. Only 28 watches will be made, priced £27,800-£58,300.

TAG team

TAG Heuer has signed a deal with the Asian Football Confederation to become official timekeeper and official watch for all its national competitions, including the AFC Asian Cup in 2019 and the final Asian qualification round for the 2018 Fifa World Cup. The deal also encompasses the AFC Women's Asian Cup 2018 and the 2020 under-23 championship. "Football is the most popular sport in the world," said TAG's chief executive, Jean-Claude Biver, after

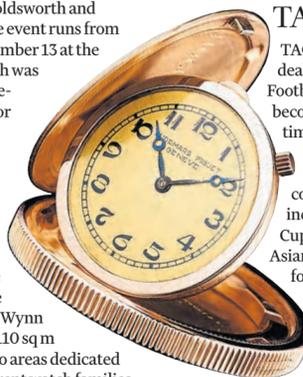
the agreement was announced. "With football, we communicate passion, emotion, joy, dreams, team spirit, strategy and, finally, victory!" The AFC deal is only the latest move in TAG's rush of enthusiasm for football: the brand has formed partnerships with the English Premier League, Germany's Bundesliga, America's Major Soccer League, the Chinese Super League and the Australian national football team. TAG has also adopted Leicester City manager Claudio Ranieri as an ambassador.

Note perfect

Chinese pianist Lang Lang can now be seen sporting a bulky Hublot wrist watch as he plays at sellout concerts. The 34-year-old classical music star and philanthropist became an official ambassador for Hublot earlier this year. The brand said it had adopted Lang Lang because of the similarity between his modern interpretation of classical music and Hublot's mixed-material "fusion watchmaking". It is not, however, Lang Lang's first partnership with a watch house — he was previously involved with Montblanc.

Thinking ahead

Following the 35th Hong Kong Watch & Clock Fair, which ran September 6-10, the Hong Kong Trade Development Council commissioned an independent on-site survey of 834 buyers and exhibitors to predict what the watch world might look like in 2017. Results show that 58 per cent of respondents expect overall sales will remain the same in 2017, while 28 per cent foresee an increase and 14 per cent a decrease. (Swiss watch exports to Hong Kong were down 28 per cent from January to August 2016 compared with the year before, according to the industry figures.) For upcoming products, respondents expect the most popular category will be the smartwatch (31 per cent), followed by digital analogue (26 per cent) and automatic watches (15 per cent). Nearly half of respondents (44 per cent) think fashion watches have the most growth potential, followed by casual watches and smartwatches. Among the world's largest timepiece events, the fair this year hosted more than 800 exhibitors from 27 countries. Over 20,000 buyers attended, up 2.4 per cent on last year. **Simon de Burton**



On the floor with the daigou, China's overseas shoppers

Retail Young women can make a living sending luxury goods back home, says *Sarah Shannon*

At Harrods, one of London's most upmarket department stores, Chunmei Pei, a twenty-something Chinese woman dressed in Stella McCartney platform brogues, tight jeans and a black Chanel backpack, walks around the shop floor. She is glued to her iPhone, juggling half a dozen WeChat messages with her clients. Ms Pei is a professional daigou: an overseas shopper who buys luxury items like watches, jewellery, clothes and cosmetics for mainland Chinese.

Today one of her buyers is considering an £860 Dior "Diorosphère" chain necklace with a gold finish, while another wants a £1,500 Céline bag. Most luxury stores do not allow photos or videos of the products for fear of counterfeiters, so Ms Pei is constantly updating her clients on the price, colour and product details with calls and live messaging. The chatting is endless and all part of the service. She spends at least 20 minutes at Céline while they search for a different colour of the bag and the buyer dithers. Once she gives the go-ahead for the purchase, Ms Pei arranges the sales-tax exemption, buys it on her card, packages it up and posts it. She does this for a fee she will not disclose,



March 2015, Chanel responded to the euro's weakness against the renminbi by cutting prices in Asia. This global pricing alignment spawned similar measures at Cartier, TAG Heuer and Patek Philippe. But brand experts say prices in China are on average still about 40 per cent more expensive, thanks to import taxes and the local cost of business, and this is what fuels business abroad.

"The price difference is still too great. Everyone I know sends items back home," says 28-year-old daigou Doris Zhao. At customs control "sometimes they check, sometimes they don't. Mainly it's not too often. If I bought one Louis Vuitton handbag they won't charge me the tax."

For Ms Zhao, who spends her working hours helping Chinese students arrange their visas and university applications, a trip to Harrods in her lunch break is mostly a favour for family, fulfilling orders for Vacheron Constantin watches and Louis Vuitton handbags for relatives who are seeking deals they can find online but not access in China. Even with the added shipping cost and import taxes, the £85,000 Métiers d'Art Year of the Monkey timepiece she sent home to her aunt in China was £15,000 cheaper than one bought locally. Typically,



China town: shoppers browse the windows and counters at Harrods
Harrods via Getty Images/AFP/PA Wire

Ms Zhao buys four items a month to post to China, alongside trips home. Her last purchase was a Burberry trench coat, snapped up in the summer sale for a friend in China. She clearly enjoys the luxury experience: not all education agents wear Valentino rockstud leather shoes and a black quilted Chanel bag.

Yixi Cai, a 26-year-old university student from Shenzhen, says she spends about £1,000 a month on herself while out shopping for friends and family back home. "Gucci is really popular this season, the sexy secretary look," she laughs, talking about the new line from creative director Alessandro Michele. The fashion fan enjoys labels like Alexander McQueen but says her friends mostly want items from older luxury brands like Chanel, Dior and Louis Vuitton. A common call from friends, Ms Cai says, is, "Who's in England? Can you get me something?"

"Brands need to make sure their consumers buy the product for the right reasons: the heritage, the craftsmanship, the experience, everything you would expect from a luxury product, and not buying just the bargain," says Bruno Lannes, a partner at Bain based in Shanghai. "So the brands have to correct this point and stop offering



bargains through price imbalance across geographies. It's not good for their long-term health."

"For the brand owners, this has significant implications, as the relationship has shifted from business-to-consumer to business-to-business," says Rebecca Robins, a director at Interbrand and co-author of the book *Meta-luxury*, considering the daigou as a businessperson. This makes it harder for a brand to build a relationship with the end-consumer, "and that's a real concern for brands who are facing the realities of single-digit growth and a rising consumer who already has no interest in loyalty."

One benefit the daigou can add to any price advantage is trust, according to Sage Brennan, co-founder of China Luxury Advisors. "People trust the internet and connections they make that are verifiable. Many times these daigou purchases have photos of actual receipts from Harrods," Mr Brennan says.

"Trust is a challenging aspect of Chinese life. So there are opportunities to say, 'If I don't trust a department store clerk [not to switch out] real watches for fake ones in store and things like this, the daigou steps in and becomes more popular.' People will jump into those voids. It's not going away."

A common call from friends is, 'Who's in England? Can you get something?'

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Watches & Jewellery

My Favourite Pieces The jeweller likes creatures from mythology and favours global cultural exchange in his collection. By *Ming Liu*

Wallace Chan thinks dragons are no drag

It has been a busy year for Wallace Chan. The Hong Kong jeweller, who is known for his expert craftsmanship, made his debut at two prestigious fairs, The European Fine Art Fair (TEFAF) in Maastricht and Masterpiece London, and he is preparing to exhibit at TEFAF New York in October. Fairs are the only place to see his work as Mr Chan has never sold through a retail outlet, except once: in the 1990s at a boutique in the Peninsula Hong Kong hotel, where a buyer came in one day and purchased the whole collection.

Mr Chan, 60, was the first Asian jeweller invited to participate in the Biennale des Antiquaires, a high-end fair in Paris, in 2012, and until his Biennale outing he was relatively unknown. Today collectors are captivated by his philosophical, sculptural creations which merge eastern and western sensibilities, ancient crafts and new technologies, especially novel uses of titanium.



Carved jade and coral necklace
Purchased in Taiwan 12 years ago, the necklace depicts either a butterfly or dragonfly moving towards a peony, and is an amalgam of antique works. "I believe the two white jade pieces surrounding the butterfly are from the Qing dynasty, while the jade pendant – a cigarette holder – is probably from the early days of the Chinese Republic [1912-49]," says Mr Chan.

For Mr Chan, the piece highlights lost craftsmanship, such as the coral flower fashioned from pearls and string. The kingfisher feathers which make up the butterfly's wings also evoke a bygone era: their popularity with Chinese royalty dates from 2,000 years ago, he says. "The last factory to work on these feathers closed in 1933. The colour reminds me of lapis lazuli and turquoise, and a mix of sapphires and emeralds."



Carved jade earrings
Bought six years ago at Christie's, these exquisite, tiny works (3cm by 1cm each) are carved with the Eight Immortal deities found in Chinese folklore. "There are four on each and if you get really close, you'll see the faces are barely the width of a toothpick," says Mr Chan. "It's excellent craftsmanship on a very tiny base. I think they originally



Chan's chain: the jeweller dangles a jade and coral necklace — Theodore Kaye

decorated calligraphy brushes, but I'm transforming them into earrings."

Mr Chan has a particular affinity with Qing-dynasty jade. "It returns me to my childhood," he says, recalling his teenage apprenticeship as a jade carver. "Learning carving in Hong Kong, we only imitated pieces from the Qing dynasty. I saw a lot of dragons, mythical creatures, auspicious symbols and Chinese gods."



Magnifying glass with a Qing dynasty jade belt buckle

Sculpted in the highly prized "mutton fat" jade known for its pale, marble-like texture, this piece, circa 1900, is the creation of a European trading company that paired an imperial Qing dynasty belt buckle with a magnifying glass. "The back is engraved with the firm's trademark," says Mr Chan, who bought the piece in Taiwan six years ago. "It echoes the combination of two cultures, of westerners interpreting a Chinese belt buckle for their own use."



Pair of dragon brooches

This gem, called the Tale of Two Dragons, is fashioned from a Qianlong period (1735-96) jade belt hook that Mr Chan has spliced in two. The brooches mirror each other in swirls of titanium set with emeralds, rubies, sapphires, pink sapphires and fancy coloured diamonds.

"A dragon is known to have nine sons and the design is about a father passing down his gifts to them," says Mr Chan, who has a son.

"But I also wanted to highlight the Chinese custom of parents carving identical pieces of jade from a single stone, and passing them on to their children – so they always remember their shared roots."



Patek Philippe minute repeater pocket watch (1913)

The meticulous skill behind this pocket watch, which has a porcelain dial and 18ct gold case, is what captivates Mr Chan, who says the watch is one of only two. "The melting point of porcelain is lower than gold, and while the gold won't actually melt, it will become very soft and formless – like an octopus or squid," says Mr Chan. "Each layer of porcelain had to be thinly applied, step by step, some six to seven times. When I saw how perfectly smooth the surface was, I knew the craftsman must have broken many pieces before this one."

'I've combined my craft and ideas with the spirit of our times. I feel I've come full circle'

Tusk, tusk, and other jewels at Asian Art in London

Asian Art in London will feature more than 60 specialist dealers and auction houses from November 3-12. Among the treasures on display will be a 19th-century gold and enamelled gem-set pen from Jaipur, exhibited by Indian and Islamic dealer Simon Ray. It has diamonds set in relief as individual leaves around bright red flowers. Mr Ray will also bring a playful pair of 19th-century bangles from Benares, north India, with elephant-head clasps whose trunks intertwine (above). At Yewn, the Chinese fine jewellery specialist, a star exhibit will be a lattice jadeite ring with a sparkling diamond lizard.

Kissing cousins

Boghossian will exhibit at the Fine Art Asia fair for a fifth year from October 2-5 at Hong Kong's Convention and Exhibition Centre. The jeweller will use the fair as a showcase for its overlaid "kissing diamond" technique, with which the house creates the illusion that two different stones are organically joined. Highlights include an 18-carat white-gold ring with a cushion-shaped purplish-pink diamond which kisses a five-carat pear-shaped diamond on a bed

of small brilliant stones (bottom). Another is a rose-gold ring which marries a fancy intense pink diamond with a white diamond.

I wandered lonely

Family-owned jeweller Amrapali launched a new collection, "When Time Stood Still", at July's Delhi Couture Show in collaboration with Indian fashion designer Anamika Khanna. The collection is made up of about 35 emerald pieces with a floral and botanical theme, inspired by the final verse of Wordsworth's "The Solitary Reaper". Each stone is hand-carved in Jaipur and paired with white diamonds. On a necklace and pair of earrings, more than 50 emerald leaves were carved from polished stones using a technique known in India since the Mughal period, then put in a Kundan setting, where gold foil is placed between the gem and the mount.

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Suite life

Joining its roster in Milan, London and Bali, Bulgari is opening two new riverside hotels in mainland China in late 2017 or 2018. At Suhe Creek, a metropolitan complex near Shanghai's Suzhou river, 120 rooms and suites will occupy a dozen upper floors of a 40-storey Foster+Partners building. Its

largest suite will be 400 sq m, one of the most spacious in the city. Bulgari has also restored the former Chinese Chamber of Commerce as a restaurant. In Beijing, another 120 rooms will face the Liangma river.

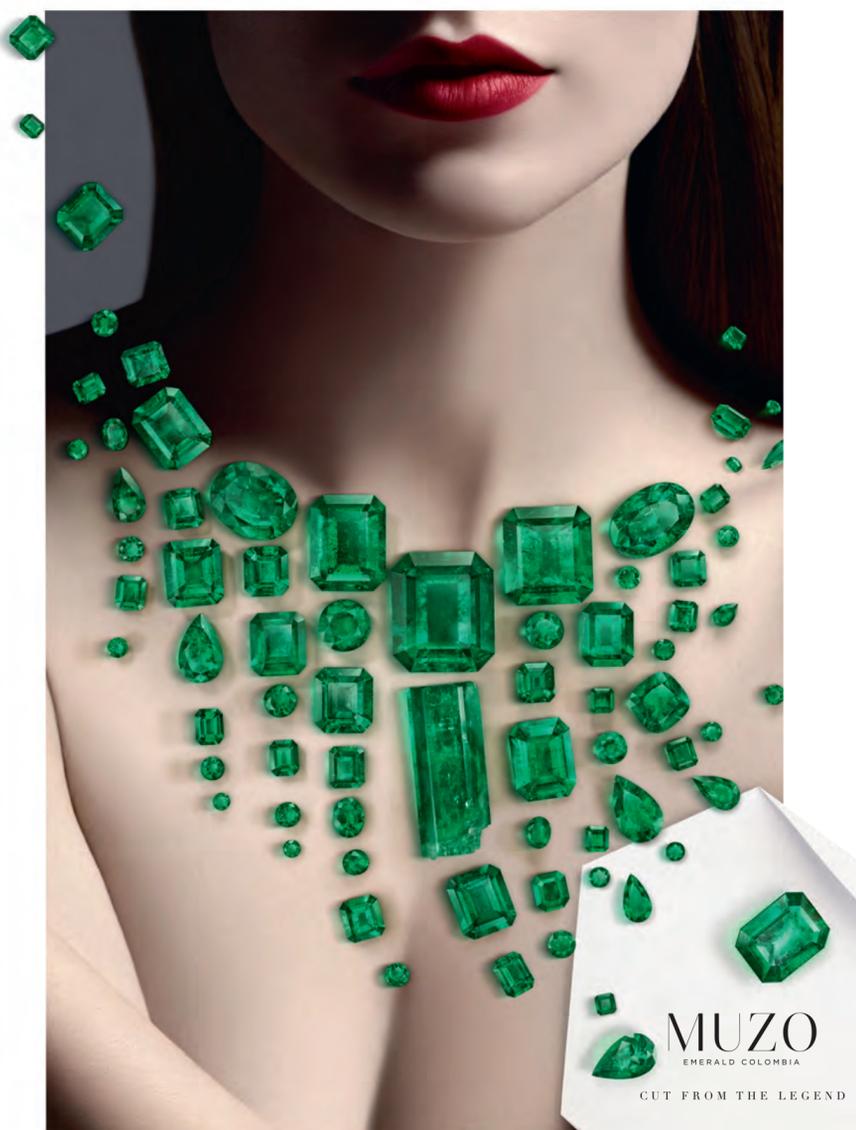
Blue with envy

A unique platinum ring set with a 25.35-carat Burmese sapphire was launched by Louis Vuitton this year as part of its high jewellery collection. The Royal Blue sapphire is showcased in a traditional solitaire design, but is also flanked by a line of white round diamonds on the ring's edge; these are a nod to Gaston-Louis Vuitton's signature and have been one of the jeweller's best-loved motifs since the 1920s. The past five years have featured a marked increase in prices of sapphires at auction: Kashmiri examples broke records on multiple occasions last year. In May 2015, Christie's sold a 35.09-carat ring for \$7,357,999, an auction record for a Kashmir sapphire; in December 2015, Sotheby's achieved the price-per-carat record for a sugarloaf cabochon, at \$197,990 per carat.

Let's go fly a kite

British jeweller Stephen Webster has collaborated with diamond specialist Hearts On Fire for his latest collection, "White Kites". Inspired by the bird of prey, its 34 designs include collars, cocktail rings, bangles (left) and ear cuffs all set with white diamonds. Hearts On Fire was founded in 1996 in America and was bought by Chow Tai Fook, which has 2,400 retail stores in China, the region and the US, in 2014. In the past 18 months Hearts On Fire has opened 150 of its own points of sale in China; Asia-Pacific accounts for a quarter of the brand's retail locations, says the company.

Camilla Aparc



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CUT FROM THE LEGEND

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The dark shadow of the jade trade

Myanmar Coveted by wealthy Chinese but produced by a corrupt industry, jadeite brings harm as well as income to the country, says *Daniel Pye*

Much of the jadeite which delighted the 19th-century Chinese Empress Dowager Cixi and still pleases her modern compatriots comes from Myanmar, whose “imperial jade” is the world’s most valuable and is highly sought-after for its near-transparent emerald-green hues. (Jadeite, which is rare, comes from Myanmar; what is thought of as Chinese jade is in fact the more common nephrite.)

But the grandeur of China’s Imperial Palace is a far cry from the mining towns in northern Myanmar. Here the *ye ma say* (hand-pickers) scratch a living in difficult conditions, searching for jadeite through waste dumped by mining companies on the blackened hills of the world’s largest jadeite mining region, Hpakant, in Kachin state. Whatever they find, they sell back to traders and miners.

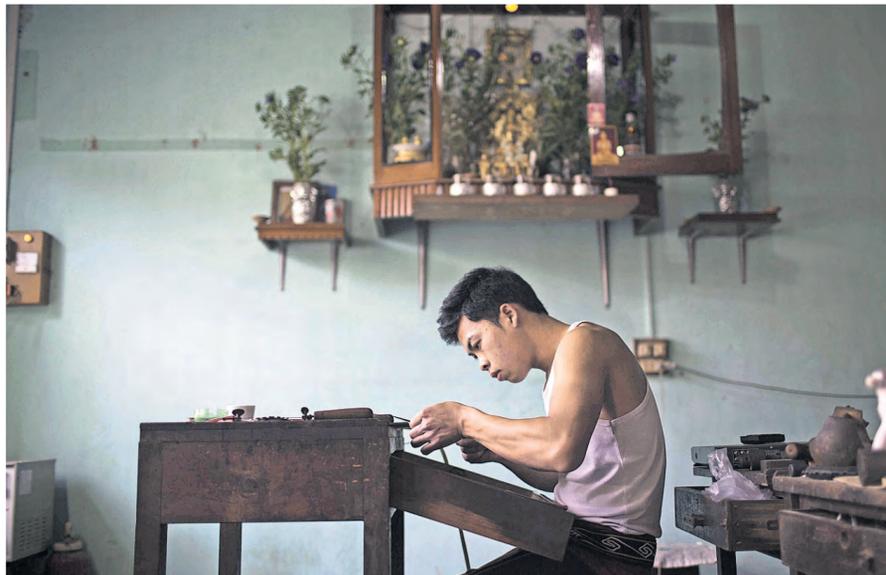
According to a 2015 report on Myanmar’s jade trade from campaigning organisation Global Witness, most of the jadeite extracted from Hpakant is smuggled to China to avoid tariffs. Global Witness’ investigations into the undeclared value of the trade in Myanmar have suggested it may be as high as \$31bn annually – half of the country’s GDP, or 46 times government spending on healthcare. At the annual jade emporium in 2014, a single boulder of it was given a reserve price of €60m, according to an unpublished report.

In June, in a case that gained international attention, a group of jade traders alleged that senior officials in previous governments had colluded with powerful business interests to appropriate \$96m from a levy on the annual jade auction. The government launched a probe, which quickly found that the officials, including a former Navy commander and minister, acted within the law.

Juman Kubba, a senior campaigner with Global Witness, says the industry remains a “black box” and that “simply saying there is ‘no corruption’ is not good enough”.

Kyaw Kyaw Oo, chairman of the KIC Group, which operates jade businesses and was one of those complaining to the government, says the evidence is there if officials bother to look. “Here in front of me I have a lot of receipts detailing how the money was spent. If you check the details of how this money was spent you will see how it was misused,” he says. The Financial Times has seen translations of these receipts, which suggest politicians and industrialists took the fund’s money.

Very little of the revenue from jadeite has made its way into the local economy. According to the World Bank, the biggest producers are Chinese-owned front companies (foreign ownership is illegal) and the majority of buyers fly in from mainland China, Hong Kong and Taiwan. Until last year there were no



customs duties on jade, and there are already methods for avoiding the 30 per cent levy on rough gemstone exports introduced last year. To avoid taxes, mines may register the stones, but at deflated prices, before selling the jade on to shell companies. A chaotic shadow economy, the jade business is permeated by corruption and ties to ethnic conflict and warlordism, Global Witness says. It estimates \$6.2bn

in mine site tax was lost in 2014. “For years, a powerful elite has been gorging itself on Myanmar’s jade riches at the expense of the rest of the population,” says Ms Kubba. “Reckless exploitation has led to deadly landslides and ravaged the environment, while local people have been squeezed out of the mines and Kachin state remains riven by intractable armed conflict.”

Clockwise from top: a jeweller works at his craft; jade being polished; assessing a stone’s quality; jade merchants relaxing

Taylor Weidman/Bloomberg

Rising affluence in China since the 1990s intensified the demand for jadeite, according to United Nations trade statistics, and encouraged Myanmar’s military junta to seize control of Hpakant’s lucrative jade fields from the Kachin Independence Army, a military group formerly seeking autonomy for the region. Military officers gained control of the most valuable deposits, distributing

concessions to relatives and cronies, according to the Global Witness report.

As production ramped up, so too did corruption and the number of social and environmental disasters. More than 100 people died in one incident last year when a waste tip collapsed as scavengers searched for jade scraps, prompting the deputy minister for mining to propose operations there be shut down. Local civil society groups estimate that more than two-thirds of the scavengers are addicted to heroin, which is sold openly in mining areas.

Despite the transition to civilian-led government in 2011 after nearly 50 years of military rule, military officials and companies, such as the Union of Myanmar Economic Holdings, placed under sanction by the US in 2008, still control much of the trade and the mechanism for allocating permits, according to experts.

As a member of the Extractive Industries Transparency Initiative, Myanmar has agreed by January 2017 to devise a plan for revealing the beneficial ownership of jade companies and reforming mining legislation. The state regulator, the Myanmar Gems Enterprise, has announced that permits for more than 300 jade and gem blocks will expire this month and a moratorium on new permits was declared in July.

The MGE organises the gem emporium and acts as both regulator and operator-owner in joint ventures with private mining companies that span many of the most important jade tracts near Hpakant. Much to the dismay of transparency watchdogs, in September, President Barack Obama met with Myanmar State Counsellor Aung San Suu Kyi on her first official visit to the US and announced that all economic sanctions – including those affecting MGE – would be lifted.

Hla San, a Kachin state lawmaker with the governing National League for Democracy, who has campaigned for greater transparency in the sector, says even the most recent exposés have only scratched the surface. “You only get to hear about the details of corruption when [companies] squabble with each other and it goes public,” he says.

MGE’s connections (it has staff who used to be in the military) have afforded it influence and autonomy, says Matthieu Salomon of the Natural Resource Governance Institute consultancy. “MGE’s responsibilities remain hazy, in part because the enterprise has failed to make public key documents in its domain, such as the Myanmar Gemstone Rules, or any activity or annual report.” Representatives of the MGE did not respond to requests for comment.

Also of concern to transparency groups is the use of so-called “other accounts” by the MGE to amass revenues with no public scrutiny. Myanmar’s first EITI report showed the MGE retained over half of the official gemstone revenues – more than \$200m – in these accounts, which Mr Salomon called a “modest estimate”. The real figure amassed in its accounts, he says, is likely far in excess of \$650m.

Mr Kyaw Kyaw of the KIC Group says that transparency measures have to be enforced while Chinese demand remains high. “There needs to be punishment for people who break the law. But without the army and police’s help, we cannot make this work. If they participate and support this action, then, perhaps, things will change.”

Rare gems Jewellers with endangered skills speak out



Seema Bharti, enameller for Amrapali in Jaipur, India

When I was a little girl, I loved watching my father and grandfather at work – they were both enamellers. I adored art, drawing and painting, and the colours of enamel fascinated me, so I decided to make enamelling my career; my father trained me. Today I am an enameller for one of India’s largest jewellery houses, Amrapali, and I’ve been doing this for 12 years.

Enamelling involves grinding glass crystals into a paste, removing impurities, using a handmade wooden stick or brush to apply the enamel on to engraved metal and cooking it for around a minute. It’s a very important part of Amrapali design, so my days are filled doing something I love. It requires huge patience and dedication.

Enamelling is becoming rarer. There are no formal schools which teach it.

Good enamel workers keep the art exclusively to themselves and do not part easily with their skill. A few years ago, wages were very low and people didn’t find enamelling lucrative.

But an increased appreciation now means more people have started learning it. I’ve recently begun reviving old colours and designs and creating new colours.



Aung Chay, goldsmith for Pippa Small and Turquoise Mountain in Yangon, Myanmar

When I arrived at Turquoise Mountain, the arts charity founded by the Prince of Wales, the goldsmiths made fun of me, asking why I wanted to continue making handmade jewellery. But when they saw the intricate floral earrings I made, they were impressed and asked me how I’d made them. I told them: “Try to figure it out yourselves!”

It gives me pride to create beautiful, unique pieces. I am now Turquoise Mountain’s main goldsmith and I’m working on Pippa Small and Turquoise Mountain’s Burma Collection.

I trained with my uncle when I was 13; he was a master goldsmith in my village. At first, I didn’t enjoy it but I saw it would earn me a living and enable me to stay near my family.

Now, 22 years later, I love the challenging and intricate work.

In Yangon, most of the jewellery sold is now machine-made. The labour cost is cheaper and the process is faster. I don’t know another goldsmith making 100 per cent handmade pieces. Most Burmese jewellers are learning to use machines, but I am persistent with my craft and happy to keep the ancient tradition alive.

Francis Mertens, designer-maker and founder, GAR131.com, in Antwerp, Belgium

For over two decades I designed and handcrafted diamond jewellery for world-class jewellery houses, many on



Bond Street, although I am contractually not allowed to name them. The diamond dealers and jewellery houses I worked with appreciated

not only my skills and creativity but also my geographical proximity to them.

For example, I specialise in pavé set titanium jewellery. The diamond setting process is highly time-consuming. It typically takes a day to set 75 diamonds by hand but if the jewel breaks I’d have to start again.

But the global economic crisis, the fact that many jobs in jewellery craftsmanship are facing international competition and the advent of 3D printing, means that much of the high-level design and manufacturing I was hired to do has moved to China and India. Many jobs are now under threat.

Creatives like myself are concerned as we witness exceptional industry knowledge disappearing as brands look

elsewhere. When work slowed, I decided to combine new technology with old craftsmanship to ensure heritage and old techniques are not lost. The internet offers designers like myself a platform to sell direct to our clients and to earn personal recognition for our unique skills.

In December, I launched GAR131.com to showcase the work of jewellery artists, including undiscovered talents, selling our creations and mostly one-off pieces to the public.



Jasmine Alexander, creative director for her own brand, in Surrey, UK

This autumn, I’m launching my first collection to be produced in large numbers. I bring to my jewellery the dedication of an ancient Greek sculptor casting miniature bronzes to perfection, obsessing over every minuscule detail

and regularly introducing creative and technical firsts. But this is the beginning of a completely different business model for me.

I studied goldsmithing and honed my technical skills on the jewellery bench. In 2010 I was an official ambassador for British Jewellery Week, and in 2014 I created a jewel with miners Gemfields to celebrate their collaboration with [actress] Mila Kunis. I spent years repairing jewellery so I love the technical aspects and computer-aided design; some jewellers eke out an existence using CAD fairly uncreatively.

I used to focus purely on one-off and limited-edition artist jewels. But today, to only focus on handcrafting pieces is a hand-to-mouth existence.

My new collection of 14 pieces took 18 months to create. It’s part of my long-term partnership with the Sea Shepherd Conservation Society [a marine preservation organisation which uses direct action] and I’ve never been more proud of a work.

Claire Adler



HARRY WINSTON



Harry Winston Premier Moon Phase 36 mm