

(CHECK AGAINST DELIVERY)

# A nation of jewellers

by Levon Sevunts

## Armenian Jewellers Association - an idea born at a Japanese wedding

Pierre Akkelian remembers exactly how he came up with idea to create an international association of Armenian jewellers.

It happened on October 8, 1995 at a traditional Japanese wedding in Tokyo.

Akkelian, the president and owner of Canadian Gem, one of North America's largest pearl traders, was invited to the wedding of his Japanese client's daughter.

There was another Armenian jeweller at that wedding. Vartkess Knadjian, CEO of Backes & Strauss London, the world's oldest diamond company founded in 1789, had just flown in from Yerevan. It was Knadjian who had introduced Akkelian to the Kato family - the biggest diamond importers in Japan - in 1991.

And thanks to that introduction, Akkelian's wedding ring business in Japan was now booming.



The Tokyo Wedding: Kaori Kato and Kazuya Taguchi (standing)

Sipping drinks after the reception, their conversation turned to Armenia.

After the collapse of the Soviet Union, Armenia's diamond factories suddenly found themselves cut off from supplies of rough diamonds and their traditional markets in Russia.

Knadjian and another big Armenian diamond trader, Haik Arslanian, had become a lifeline for Armenia's struggling diamond industry, bringing in rough diamonds and selling perfectly cut Armenian stones to their clients worldwide.

Knadjian said he knew that Armenia's jewellery industry could use Akkelian's business acumen and tried to convince him to come to Armenia.

But Akkelian had other things on his mind and initially refused.

"I went to sleep and I guess my conscience was bothering me because I had all the know-how to help Armenians in Armenia develop the right kind of product, introduce them to world markets and etc.," Akkelian said. "And we had breakfast in the morning and I remember I said: 'Vartkess, I thought about what you said and here's how we're going to do it.'"

The association he envisioned would create opportunities for Armenian jewellers to meet together and help each other, Akkelian said.

"I told Vartkess I basically want to do for Armenian jewellers what you did for me by introducing me to the Kato family," Akkelian said.

### **From words to action**

Their idea of bringing together jewellers from the Diaspora and Armenia came at a very opportune time.

The government of Armenia was desperately looking for ways to overcome the effects of the crippling economic blockade imposed by neighbouring Azerbaijan and Turkey following the war in Nagorno Karabakh. Armenia's once thriving jewellery and diamond cutting industries emerged as ideal candidates to break through the blockade.

Exporting polished diamonds and jewellery to world markets was a relatively easy undertaking even for a landlocked country such as Armenia. Millions of dollars worth of diamonds and jewellery could easily be transported in a simple briefcase on a commercial flight from Yerevan, providing jobs for thousands of people and much needed revenue for the government.

Throughout the fall of 1995, Akkelian and Knadjian presented the idea to a number of high profile Armenian jewellers in the Diaspora.

"The reaction we got once we started talking to people, once they understood what the platform was going to be, was incredibly positive," Knadjian said.

Upon his return to Canada, Akkelian also shared the idea with Garnik Nanagoulian, Armenia's ambassador in Ottawa. Akkelian was one of the big supporters of the embassy and the two men had become close.

In 1996, Nanagoulian was appointed Armenia's Minister of Industry and Trade. At their farewell meeting in Montreal, Nanagoulian promised Akkelian to help.

"The idea was very good for Armenia," Nanagoulian said in a telephone interview from New York, where he is now the executive director of the Fund for Armenian Relief. "It was based on two principles. First, you create a network of Armenian jewellers around the world. Second, use that network to help the jewellery industry in Armenia to bring it to the level of international standards."

Nanagoulian said the idea found good response from the government, particularly then Prime Minister Robert Kocharyan. The government had just created the Armenian Development Agency (ADA) with the idea of supporting businesses and creating a proactive Armenian business network. Nanagoulian said he asked his deputy minister and the newly appointed head of the ADA Gagik Yeghiazarian to help with organizing the event in Armenia.



Delegates of the First AJA assembly with Prime Minister Robert Kocharyan (right)

Nanagoulian also involved the general manager of Shoghakn diamond cutting plant and parliament deputy Gagik Abrahamian, as well as Yerevan Jewellery Factory general manager Emile Grigorian, both of whom played a key role in organizing the first meeting and eventually became founding members of the Armenian Jewellers Association.

In December of 1996, Nanagoulian also asked one of the key volunteers at the embassy in Ottawa, Hratch Gaspar, to help Akkelian with the launch and coordination of the assembly.

### Learning from Armenian trade networks

An economist by training and an international development consultant by trade, Gaspar immediately saw the possibilities networking of Armenian jewellers presented.

"Armenians traded and marketed products since ancient time, across Mesopotamia and beyond, we connected cultures through trade thanks to local knowledge and extensive trade networks both in East & West," he said.

Gaspar, who now serves as Director for Strategic Development of the Armenian Jewellers Foundation (also co-founded by Akkelian and Knadjian but separate from AJA), said he was inspired by these networks that once dominated trade in jewellery and fabrics from China, India and Persia to Russia and Western Europe.

One of the most notable examples of trade networking and alliances between Armenian jewellers and silk merchants is the "Diamond Throne" presented to Czar Alexey Mikhailovich in 1659 by Zakharia Saradarov of the Armenian Trade Company in Persia along with a petition to grant tax-free trade privileges to Armenian merchants in Russia.

Czar Alexey Mikhailovich was so impressed by the gold and silver-plated sandalwood throne adorned with more than 800 diamonds that not only did he pay an astronomical price at the time - 4,000 silver rubles and 19,000 copper rubles - but also granted the Armenian Trade Company exclusive access to the Russian market.

Gaspar said he strongly believes that Armenian entrepreneurs have to learn from past successes and build on those lessons.

Armenian merchants developed trade infrastructures and maintained centers which were used for fresh networking opportunities, circulation of capital and commercial information, including the printing of the first Armenian newspaper, Azdarar, published from 1794 to 1796 in Madras, India, by the New Julfa clan, he said.

Armenian traders also established and funded educational institutions in thriving global centers. A typical New Julfa family had a son in Venice and another one in London or Madras and funded trade deals globally through their own capital and vessels, Gaspar said.

In the 20th century, Armenian networks influenced the Persian rugs market until the 1960s and to this day Armenians play a critical role in the global jewellery production market.

Industry insiders estimate that there are between 15,000 and 30,000 Armenian jewellers around the world.

"Initially, Armenian jewellery centers in Istanbul and Beirut coordinated the trade, now it seems the centers have been shifting to Los Angeles and Moscow," Gaspar said. "When you combine individual merits with transnational knowledge and networks you inevitably achieve global reach and success."

### **Armenian jewellers of the world unite**

In March 1997, Akkelian and Gaspar drew a five-point plan to launch the first "Armenian Jewellers Assembly." They proposed it to be held in Yerevan, in September of 1997 to coincide with the 6th anniversary of Armenia's independence.

But getting Diaspora jewellers to Armenia for a meeting with their Armenian counterparts turned out to be more difficult than organizers first imagined.

For one thing, there was no ready list of Armenian jewellers.

"Every jeweller knew one or two people in their circle. We knew some people in North America but we didn't know who was there in Australia or in Greece," Akkelian said.

They also had to find an honorary president. Akkelian and Knadjian considered Haik Arslanian to be an ideal candidate.

"The Arslanian family had a cache in terms of being the world's largest rough diamond dealers outside the syndicate of De Beers," Knadjian said.

His name on the invitation was sure to get people's attention.

But it was easier said than done. Arslanian, who had opened the first privately-owned diamond cutting plant in Armenia in 1992, was fed up with Armenian bureaucracy. Knadjian and Akkelian tried in vain to convince him to take up the role. Exasperated, they turned Gaspar for help.

Gaspar called Arslanian on behalf of the Armenian embassy.

"Haik Arslanian was a great patriot, a wonderful man," Knadjian said, "the minute he found out there was interest from the government, and the government would back such an association, he assumed the leadership and helped drive it in the early days with his passion and his forceful character."



Inauguration of the Arslanians' Lori Factory during the AJA assembly in 1997

The second Arslanian agreed, his name was put on the official invitation letter and faxed to about 50 of people out of Akkelian's office in Montreal and the embassy in Ottawa.

But with just a few weeks before the beginning of the assembly in Yerevan, no cheques had arrived and they had received only three confirmations and eight maybes.

On August 27, 1997, Akkelian picked up the phone and called Nanagoulian in Armenia, asking him if it would be possible to postpone the meeting for a year to give potential participants more time.

But Nanagoulian was adamant: even if there were going to be only a few people from the Diaspora, it was important to make that first step.

### Armenian Jewellers Association is born

Despite the relatively modest turnout by Diaspora jewellers - four jewellers from Europe, three from the U.S., two from Canada and one from Lebanon - the first founding assembly of Armenian jewellers was hailed as a great success.



AJA Working Plenary: Pierre Akkelian, Haig Arslanian, Gagik Yeghiazaryan, Hratch Gaspar

There was a large delegation of local jewellery and diamond cutting and polishing industry headed by Gagik Abrahamian and Emile Grigorian. The government of Armenia was represented by Nanagoulian, as well as his deputy minister Yeghiazarian, who presided over the opening plenary session.

The plenary sessions of the assembly took place on Sept 17 to 19 at the newly privatized Armenia II Marriott Hotel. The three-day agenda was packed by speeches, discussions and visits to various jewellery and diamond cutting plants. Assembly participants visited Etchmiadzin and had an audience with Catholicos Garegin I. The delegates also had an hour-long meeting with Prime Minister Kocharyan and attended a VIP reception by President Levon Ter-Petrossian.

The assembly decided to formally name the organisation Armenian Jewellers and Gem Dealers Association, and to organise the second Armenian Jewellers Assembly in Yerevan, immediately following the Baselworld Fair in Switzerland in 1998. Akkelian, who was the president of the Canadian Jewellers Association, was tasked with preparing draft by-laws for the organisation.



Visit to Holy Etchmiadzin and Meeting with HH Karekin I, Catholicos of All Armenians

### **Building on the success of the first assembly**

Selecting Basel as the site of the next meeting of the Armenian Jewellers Assembly gave the organizers the opportunity to reach a much larger pool of Armenian jewellery professionals. One hundred jewellers from more than twenty countries participated in the AJA's Basel meeting on April 26, 1998. The meeting was organised with the help of Karen Nazarian, Permanent Representative of Armenia to the UN Office in Geneva, and was sponsored by Vartan Sirmakes of Franck Muller.

After the opening remarks by Nazarian, Yeghiazarian read the address of the President of Armenia Robert Kocharian, to the participants. This was followed by a ceremony honouring Arslanian, Knadjian and Canadian-Armenian jeweller Vahe Isnar with special awards and certificates signed by President Kocharian for their significant contributions toward the development of diamond cutting and jewellery manufacturing in Armenia.

The Assembly elected a board with an Executive Committee of 13 members representing Armenia, Australia, Canada, the CIS, Europe, Latin America, the Middle East, the Pacific and the USA.

Arslanian and Gagik Abrahamian, were elected Co-Chairmen of the Armenian Jewellers Association. Knadjian was elected Secretary and Sirmakes as Treasurer. The Executive Committee granted the title of Honourary Chairman to Gevorg (Djanik) Oskanian, from Belgium.

The second - and the largest - AJA assembly took place in Marriott hotel Armenia from October 2 to 4, 1998.

"It had major participation from jewellers around the globe from Australia to USA and Canada - we got almost 22 countries forming their chapters and starting active participation," Yeghiazarian said.



AJA Founding Assembly Participants visit Gagik Abrahamian's Shoghakn Diamonds Factory

### **Understanding AJA's impact**

The development of the AJA coincided with a major push by the government of Armenia to capitalize on the export potential of the country's diamond and jewellery industry.

According to a report by the USAID entitled "Armenia Competitiveness Assessment," by 2002 jewellery and diamonds accounted for 51 per cent of all Armenian exports and the industry employed about 5,000 people. The report indicated that most of these exports were channeled through Diasporan networks in Antwerp and Moscow, even criticizing Armenia's "over-reliance" on these Diaspora networks.

Akkelian said the networking between Armenian jewellers resulted in dozens of deals, partnerships and opened up investment opportunities in Armenia and the Diaspora. It also resulted in significant transfers of technology and marketing know-how, from the latest diamond cutting and polishing technologies to joint trade show projects.

For Nanagoulian, the success of AJA also had a huge psychological effect well beyond the Armenian jewellery industry.

"They proved that the idea of Armenian entrepreneurs coming together for business purposes was not a utopia," Nanagoulian said.

One of the most promising sectors that can replicate the success of the AJA is the IT sector, Nanagoulian said.

"Something like that is happening right now with the IT sector," Nanagoulian said. "Thanks to networking by IT professionals, the IT industry in Armenia is rapidly growing."

### **Learning from mistakes**

However, between 2003 and 2010 the diamond and jewellery sectors experienced a significant decline due to a rapidly appreciating dram, problems securing rough diamonds from Russia and the world financial crisis in 2008. By 2010, Armenia's exports of diamonds and jewellery had declined by 15 per cent to about \$104.3 million dollars.

"I think 2009 to 2011 were, perhaps, the most difficult years for the jewellery industry globally," said Knadjian. "There was very little interest in the AJA, everyone was looking for their own businesses."

The AJA also failed to capitalize on some of the early enthusiasm to create the necessary organizational structure to make the association a financially self-sustaining body, Knadjian said.

The initial idea of collecting a modest \$100 individual membership fee per year from a pool of about 10,000 nominal members of AJA never materialized.

"To collect \$100 you need to invest \$150," Knadjian said.

Instead, the association has had to rely on the largesse of board members to raise the necessary funds for its operations.

Akkelian said the association has learned from its initial mistake and is working on implementing a new membership structure. Four years ago, the AJA board voted to change the membership structure from individual to corporate, raising the membership fee to \$1,000. Akkelian said one of the lessons that other Armenian business associations can learn from AJA is the importance of investing in their own bureaucracy.

"You cannot do this on volunteer basis, you need professionals to do this," Akkelian said. "You need to have bureaucracy to have sustainability and constant progress, because leaders come and go but bureaucracy keeps it going.

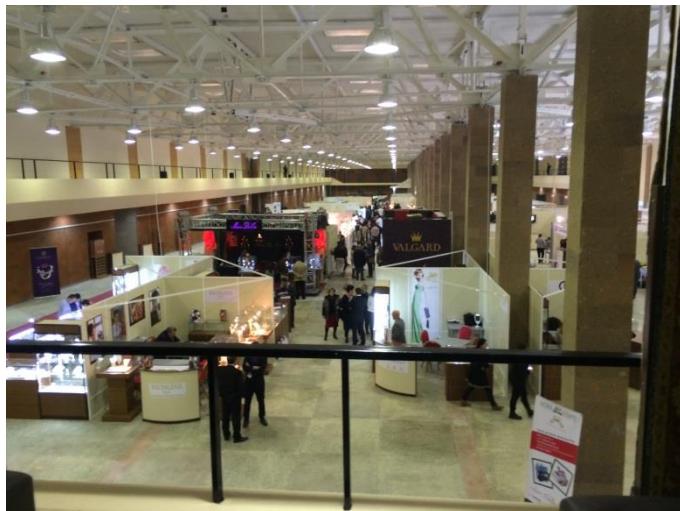


AJA Founders Akkelian (left) and Knadjian in Armenia

## **Bringing in new blood**

Many of the AJA's initial projects were realized when Gagik Gevorgian, a well-known Moscow-based jeweller who owns the Estet jewellery house and also heads the Russian Jewellers Guild, succeeded Knadjian as the president of the association in March 2011.

"All those concrete projects we had discussed, including the AJA magazine, the website, and then the Jewellery Show in Yerevan, he made it happen," Akkelian said.



**Yerevan Show 2014**

The AJA has also become part of the World Jewellery Confederation (CIBJO). And in 2016, Yerevan will become the international capital of jewellery when CIBJO holds its annual meeting there.

But perhaps the most ambitious project championed by Gevorgian has been the creation of a free economic zone (FEZ) for jewellery in Yerevan. The groundwork for the jewellery FEZ was laid by the previous AJA leaders. The idea was first presented to President Kocharian at a meeting in the presidential palace and a formal proposal prepared by Yeghiazarian was approved by the government in 1998 but it stayed unfulfilled until Gevorgian assumed leadership of the association, Akkelian said.

Akkelian said the free economic zone, located in the former AviaComplex factory building, in the Hrazdan canyon, is expected to significantly boost jewellery production and employment in Armenia.

"The free zone provides ideal business environment by eliminating bureaucratic interference and red tape - the only tax you pay if you're operating in this zone is local employment tax," Akkelian said.

## **Preserving Armenian jewellery traditions**

In the meantime, Akkelian and Knadjian are focusing their energies on building the Armenian Jewellers Foundation (AJF), which was officially launched on August 16, 2013.



Czar Mikhailovich's Diamonds Throne Presented  
by the Armenian Trading Company in 1659

Its goal is to promote and preserve Armenia's jewellery heritage and raise awareness of the contribution Armenian jewellers have made to the world from ancient times to modernity, document present-day success stories and ensure the transfer of knowledge to a new generation of industry leaders.

The foundation is raising money to fund academic research into the history of Armenian jewellery and to popularise that contribution through a series of books, documentaries and exhibitions.

Thanks to support from Gevorgian, who is also on the board of AJF, the foundation has partnered with the world-renowned St-Petersburg Ethnography Museum to publish for the first time a collection of Armenian treasures, collected by Russian ethnographer Alexander Miller. In 1916, Miller travelled to historic Armenia and collected 225 unique artefacts from Mush, Van and Bitlis that include jewellery, costumes and embroidery. Those items had remained hidden from the public in the museum store rooms for 95 years. Thanks to the effort led by AJF regional director Aza Babayan, the collection and the accompanying catalogue will be exhibited for the first time in April 2015, for the 100th anniversary of the Armenian Genocide.



From The Miller Collection of 1916 Armenia

The foundation is also working on educating the next generation of Armenian world-class jewellers, Akkelian said.

AJF has concluded an agreement with the Armenian Gemological Laboratory and Academy (AGLA) and has set up a scholarship fund for five young professionals seeking qualification in Diamond Grading in Armenia.

Akkelian said Armenia's Education Ministry has also shown interest in investing in jewellery training.



AJF Scholarships Students at AGLA

"I don't know if it's going to be at the same level as support for chess, but if you have that kind of support, after school activity, workshops and things like that, I think it's very possible to create a nation of jewellers," Akkelian said. "It's part of our DNA. Armenians throughout the ages are to jewellery what the Swiss are to watches today."