

TED Case Studies

Jade and its Historic and Modern Meanings for Trade



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I. Identification

1. The Issue



Jade has long been closely associated with the Chinese culture. In the Chinese people's eyes, jade has a lot of significance, meaning, and power attached to it. For many people in East Asia and in the West, i.e., the US, jade is actively sought after for its appearance, mystique, and romance surrounding it. Since the strong desire for jade, there has been a resurfacing of the jade trade in recent years.

Prospective jade buyers in Beijing, China

The jade trade is not only becoming a booming business in China, but also in western countries like the US. Related to this, there is a severe issue concerning the jade trade, in that there is a crisis of confidence surrounding the influx and generation of inferior quality or "B jade."

The issue is that some jade dealers in the Far East have recently perfected a method of

making lower quality jade appear very similar to its top quality counterpart. An issue related to China's jade trade involves the transfer of drugs. Specifically, Myanmar's (Burma) jade and heroin trades now overlap.

2. Description

History

In recent decades, jade, its history, and its trade, has resurfaced to become a prominent and popular topic. "Revered for its beauty, strength, and ethereal power, jade is known to have been used in ritual ceremonies in China from about 5000 to 1700 B.C." (Del Sesto P.T34). For the ancient Chinese people, jade was very important to daily life, because they thought they could use the jade to communicate with different spirits that inhabited the earth. In other words, for hundreds, and even thousands of centuries, jade has been closely associated with the Chinese culture. Moreover, "To the Chinese people, it has the power to protect body and spirit for both the living and the deceased" (Chow Sang Sang p.1).

Quick question for you! When was the first jade object found in China? The answer -- over 12,000 years ago! It was a serpentine-like piece of jade that was found in the Immortal Cave in Haicheng of Liaoning Province (The Culture of China website).

The production of Chinese jade articles was highly developed by the Shang dynasty -- the 16th to the 11th century B.C. (The Culture of Jade website). The Chinese in this period did have the technology necessary to produce type, shape, and size of jade articles. But by the end of the Chou dynasty -- from the 11th century to 256 B.C., the jade in China reached a second peak in its development. The reason for this is that the craftsmen at this time had more advanced tools as well as more efficient methods of polishing and creating jade masterpieces (The Culture of Jade website).

Archaeological findings have even revealed some unique and interesting information. For instance, in prehistoric times, pieces of jade were thought to serve important religious purposes. "The ancient Chinese carved jade into small disks called pi, to use when worshiping the God of Heaven. Four-sided jade containers known as tsung were employed to appease the God of Earth" (Free China Journal p.1). Also, many centuries ago, the Chinese wore jade ornaments in daily life as an indication of rank and social status. For example, the households of many nobles and wealthy families were filled with all kinds of carved daily articles made from jade (Free China Journal p.1). These daily items included such things as hairpins, combs, walking canes, drinking cups, and boxes for holding trinkets. And as mentioned, people would wear jade as a means of warding off injury and evil spirits. So as we can see, jade was worn and used by the early Chinese ranging from those who used the power of the sword, from those who used the power of the pen. That is, during the Chou (1122-221 B.C.) and Han (206 B.C.-221 A.D.) dynasties, jade would embellish the sword and sheath, while in the Sung (960 A.D.-1279 A.D.) and Ming (1368-1644) dynasties, many literati wrote with elegant stationary items made from jade (Free China Journal p.2). The amazing thing is that all of these ancient beliefs still hold true today and are valuable in every day life. Many people in China will wear a jade bracelet because they believe it will protect them. Many parents in China will give their son or daughter a jade bracelet to remind this young person of the parents' love and protection.

Most of the jade articles that existed thousands of years ago consisted of carved pieces -- like dragons or phoenixes, symbolic carvings to honor gods and spirits, sacrificial jade utensils, or even for combs. So how did modern day jade pieces develop? Some jade scholars in the modern jade industry would say that that influx of foreigners, especially Americans, into Beijing after the great World Wars, opened up an entirely different type of jade business. Since a lot of people did not have much money, they sought to purchase jade items such as rings, earrings, beads, bracelets, and the like. So this new influx of foreigners into Beijing offered a new market for jade sellers. Moreover, "The more inventive among the westerners began designing sets for their own adornment, and for shipment to eager American specialty and department stores" (Jade Lore, p.73.).

What Is Jade?

Basically, jade consists of two varieties: nephrite and jadeite. The first, nephrite, which is actually pretty common, is made of soft calcium and magnesium silicate (Kari Huus p.94). Interesting to note with nephrite is that usually its value stems

largely from the artistry of the particular piece, and not the stone itself. The second variety is jadeite. This usually is the one that commands the high prices more than nephrite because jadeite comes in more vivid green colors and a finer translucency than nephrite jade. Therefore, jadeite is used to make most jewellery, and is composed of a harder aluminum and sodium silicate (Kari Huus p.94).

Jadeite Characteristics

<i>Most Desirable</i> • intense color • even color • honey-like transparency • translucency • watery luster • smooth finish • even texture • pure • vivid root-like structure		<i>Less Desirable</i> • dull color • uneven color • opacity • cloudy appearance • dehydrated appearance • surface cracks • blotchy texture • mottled • dull root-like structure
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To see this and more about jade, click [here](#)

In English, the word "jade" does not really carry any significant meaning. But when one looks at the meaning of the word in Chinese, then it is here that we can see the beginnings of just how important jade is to the Chinese culture. The word for jade in the Mandarin Chinese language is *yu*. "The character for jade resembles a capital I with a line across the middle: the top represents the heavens, the bottom the earth, and the center section, mankind" (Jade p.1). In Chinese, the word *yu* is used to call something precious, just as in English one may use gold or silver.

The Current Industry

People in countries like the US, Taiwan, and Japan, in recent years have developed

a strong penchant for jade which has seriously impacted the jade industry. According to the China Gem and Trade Association, gem and jade processing mills number more than 1,000 collective mills and 10,000 individual processors -- just in China in the mid 90s (The Xinhua News Agency). This means that there is a solid production base for the jade trade in China, which promises a busy market in the future. One of the reasons jade is making a comeback is because it is popular among the younger generation. In other words, it has become sort of a fashion statement. For example, more and more young men in Beijing like to have some piece of jade jewelry to make them more attractive (The Xinhua News Agency). Specifically, high school students appear to be contributing quite heavily to the brisk trade in jade. As for reasons why some Beijing high school students decide to purchase jade, answers would be that, "Why not? A 100 yuan (roughly 13 US dollars) piece of jade shows how fashionable we are -- and makes us the envy of our classmates" (The Xinhua News Agency). Maybe, people are just reverting back to their traditional values in jewelry, in order to appreciate more their Chinese cultural traditions. The same can be said for jade buyers in the US. They realize jade can be trendy, valuable, and for some, it may resemble something mysterious for those who are not familiar of Chinese culture.

Where in China is all of this jade coming from? The US and other places might receive a good portion of jade articles that were produced in Zhenping, which is a county in the Henan province of China. For in 1995, Zhenping was awarded the name of "Home of Jade" by China's Ministry of Agriculture and the State Council Economic Development Research Center (The China Daily, 1998). Moreover, the amount of money that the Zhenping county's jade market provides to both domestic *and* foreign markets is staggering. For instance, the Zhenping county jade industry alone, has 11,000 state-owned, collectively-run, and private jade processing works with 118,000 employees, and this supplies 850 million yuan (\$102.4 million US dollars) worth of jade products both to home and foreign markets (The China Daily 1998). Buses come to Zhenping from all over China, such as Kunming, Shenzhen, and Qingdao, just to engage in jade business. According to local government statistics, foreigners are the big buyers of the county's jade products. Specifically, "Jade products valued at 345 million yuan (\$41.6 million US dollars) are sold overseas each year" (The China Daily 1998). Dealing in such huge dollar amounts when it comes to jade transactions is not something that Zhenping takes lightly -- nor should they. This is huge business for these producers of jade in Zhenping, business that they wish to continue. As a result of this type of thinking, Zhenping has invested about 30 million yuan (\$3.6 million US dollars) since 1985 for the continued development of 100 training centers for technological upgrading (The China Daily 1998).

Problems and Issues

The fact that the modern jade trade has gained tremendous success and popularity in recent years, does not mean that everything has been smooth sailing. In fact, "The international jade trade is reeling from a proliferation of doctored stones that have appeared on the market since 1990, hurting sales and eroding confidence in the translucent green gem prized throughout Asia" (Denise Hamilton, p.D1). This could be a serious problem to the industry, because we know that the jade trade has the capability of generating hundreds of millions of dollars a year, mostly in Asia. Probably most buyers of jade would not attach a negative stigma to jade for the stone has been revered throughout history for bringing good fortune.

The problem has spread from East Asia to the West, i.e., the United States. For example, in the mid-1990s, Hong Kong was considered to be among the world's largest jade markets. But, "Some jade traders estimate that inferior stones, which are treated with chemicals to enhance their deep green color, now account for more than half the gems circulating in Hong Kong..." (Denise Hamilton p.D1). For world travelers, and amateur jade buyers, who really have know prior knowledge of what to look for when buying jade, this news is discouraging. A personal experience from this writer is worth mentioning.

In December of 1999, I was recently in Hong Kong. Near the hotel I was staying in, there was a huge night market. The market would set up around 6pm, and pack up and leave around midnight or after. I had passed by the market earlier, and decided to go look. I had wanted to buy some jade, but really was not educated on the intricacies of what to look for. Nonetheless, I thought it would be neat to buy some jade to bring back to the United States. I had been in China for a few months, so I felt confident in my bargaining skills. Well, I made my way around the hundreds of tables, and finally came to a table that caught my eye with some beautiful jade. After a solid half an hour of haggling with the jade seller in Mandarin Chinese, the seller and I finally agreed on a price for a few small pieces of jade. Then I handed over the Hong Kong dollars and was satisfied with my purchase. But, as I was walking away, I turned my head around, and saw the person who I bought the jade from smiling and laughing. Did she know something that I did not? Was the jade I purchased weak, inferior, or "B jade"? Who knows? I will never know, and neither will most people who buy jade, especially people like me who do not know much about jade. This is what people should become aware of, and specifically those buyers who put a huge investment into jade.

A satiric, but true statement, on the possible hazards of purchasing jade overseas is well in order to give the novice jade buyer some advice.

It is well when buying any kind of jade in China to be thoroughly on guard and with all one's wits to fend off the artful vendor. By offering to pay, say 30% of the asking price, and then, if need be, to work gradually toward a figure acceptable to the dealer, a fair bargain may be struck. If jade of high quality is being purchased and the buyer has no great knowledge of the stone, it is extremely wise to call upon a disinterested Chinese or occidental on whose word reliance may be placed. Above all, it is unsafe to take at face value the protestations of honesty and proffers of guarantees always made by the merchant. He will hand out business cards, tell how long he has been established, and give any other fabulous reference which may come into his head to blunt the suspicion of a foreign patron. Once the sale is consummated, there is little hope of reparation if the jade is subsequently found wanting. Should the purchaser be of high spirit and return to have it out with the shopkeeper, he is met with the bland smile of a man hiding behind a purely legal precept. Certainly the buyer should always beware in China, more especially if he does not know jade.

This is taken from John Goette's book, entitled, Jade Lore (p.125).

As mentioned, the modern jade industry has become popular and trendy in the US, like in many Californian cities. Here though, many leaders of the local jade trade are warning the public to be skeptical of stones, even the jade stones that have the most desirable shade of deep, translucent green. One of the problems is that the influx of low quality and artificial jade has become very difficult to recognize to the naked eye, and even for the expert. Therefore, "Concerned that consumers -- unsure of the quality of gems -- will shy away from the expensive stone, merchants on both sides of the Pacific are fighting back with high-tech detection methods and a campaign to educate the public" (Denise Hamilton p.D1). Related to this is that it may be impossible to know how many people have purchased artificial or B jade, since many people are unaware that stones may be doctored, or are too embarrassed to admit that they were duped.

Know Your Options

This entry of B jade has created a *crisis of confidence* in many different markets,

because until very recently, there was no equipment and technology available to detect the difference between real and treated jade (Nakshab Careem p.27). But there are organizations and people who have begun to fight back. For example, "The Hong Kong Jade and Stone Assn. recently spent \$200,000 for lab equipment to detect treated jade and took out ads in Hong Kong's daily press to explain the difference between high-quality stones, called A grade jade, and stones infused with plastic, known as B jade" (Denise Hamilton p.D1). Also, an owner of a jewelry store in the San Gabriel Valley of California, and a president of the Jade & Gemstone Association of America, has launched a campaign to educate consumers about the differences of jade stones by means of flyers, printed in Chinese. "The flyer encourages prospective buyers to patronize only merchants with a trusted name and a permanent shop location, to inquire about the quality of the gem they are buying and to warn merchants that it is against the law to misrepresent impregnated stones as grade A jade" (Denise Hamilton p.J3). Another good idea that the flyer suggests to people is to recommend that prospective buyers ask merchants to supply a certificate of authenticity from the Gemological Institute of America, which is an organization that authenticates precious stones (Denise Hamilton p.J3).

One of the drawbacks of buying doctored-up jade is that most likely this artificial jade will lose its brilliance and translucence, then grow brittle and worthless within a few years. This may have serious implications for people, like Westerners, who make a huge investment when buying jade. Specifically, "A bracelet sold for \$30,000 as grade A jade, for example, is worth only \$2,000 if made of grade B jade" (Denise Hamilton p.J3). Not only does this directly affect the buyer who will be getting ripped off, but it may also affect the honest dealers who worry that the artificial jade disguising itself as top-quality jade could pull the carpet out under the feet of the high-end market.

Let's look at a few methods that has turned the jade industry into such a widespread problem that up to *half* of the jade that is being tested today in the US is found to be doctored. What jade dealers in East Asia have recently done, is that they have perfected a method of making lower quality jade look almost identical to its top quality counterpart. One of the counterfeiting methods used "...involves using acid to bleach out mineral impurities in lower quality jade. A high-pressure machine then injects a plastic polymer resin into the stone to conceal the tampering" (Denise Hamilton p.J3). Or, dealers may inject a stone full of plastic to make it look more translucent, which is done to enhance the jade's color, and hence, its value (Denise Hamilton p.J3).

These counterfeiting methods inflict many implications on an industry that is reaching huge volumes of trade all across the world. Restoring market confidence will be crucial. So, "The only sure test is to put the stones through infrared spectroscopy, a process that requires a machine that costs up to \$100,000 and experienced technical staff both to obtain an accurate reading and to assess the results" (Denise Hamilton p.J3). But, not everyone who buys jade will have access to these type of expensive machines and tests, especially those who buy jade products off the streets or markets like in China. Also, some dealers, even in good faith, do not know that they may be selling B jade.

Will this have any affects on the jade trade industry between the East and the West? Will these above mentioned issues slow down the purchasing of jade? Probably not, because most people who buy jade, particularly those in the West (the US), are not aware of the problem. Most Westerners will become more aware of the problem when environmental problems resulting from jade mining appear in the headlines.

Environmental Results of Mining Jade?

As mentioned, a lot of jade mining takes place in China. What kind of harm is this doing to the environment? Does jade mining result in tremendous air pollution, water pollution, and ecological destruction in general? If jade mining is anything close to coal mining then the answer is probably yes. But, finding information on the affects of jade mining has been tough to uncover. However, China does plan to allocate more than \$21.6 billion dollars to environmental protection and pollution control. And according to China's State Bureau of Environmental Protection, "Funds have also been earmarked for air pollution control projects, and controlling emissions from power generation and metallurgical plants, as well as ozone layer protection projects..."(Xinhua News Agency).

This means that China does recognize the importance of preserving its environment. But, the jade trade is a huge business for Cina. The likelihood of China instituting strict regulations on jade mining is remote. It may be remote because the consequences of jade mining, that is pollution, are not too significant. If the effects of jade mining were extremely problematic, then there would be a lot more information and literature on the topic. Environmentalists would be alarming the world as to the problems of jade mining. But this has not happened yet. Even if or when it does happen, it might take a long time for it to become a serious issue for the World Trade Organization (WTO).

3. Related Cases

[Amber](#)

[Pearls](#)

[Diamonds](#)

[Cobalt](#)

[Copper](#)

[Bronze](#)

[Coal](#)

[Cuba Mining](#)

4. Draft Author: David Naltner

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II. Legal Clusters

5. Discourse and Status:

Disagreement and Allegation

6. Forum and Scope:

China and Unilateral

7. Decision Breadth:

8. Legal Standing:

Law



III. Geographic Clusters

9. Geographic Locations

- a. Geographic Domain: Asia
- b. Geographic Site: East Asia
- c. Geographic Impact: China

10. Sub-National Factors:

No

11. Type of Habitat:

Temperate



IV. Trade Clusters

12. Type of Measure:

Import Standard

13. Direct v. Indirect Impacts:

147.9.1.100

Direct

14. Relation of Trade Measure to Environmental Impact

- a. Directly Related to Product: Yes
- b. Indirectly Related to Product: No
- c. Not Related to Product: No

d. Related to Process: Yes

15. Trade Product Identification:

Jade

16. Economic Data

According to the web site: <http://www.gemstone.org>; the following are the top 7 exporters of **jade**:

1. China
2. Myanmar
3. Guatemala
4. Canada
5. Australia
6. U.S.A.
7. Taiwan

17. Impact of Trade Restriction:

Low

18. Industry Sector:

Mine

19. Exporters and Importers:

According to the International Trade Center (ITC), in 1998 the following are the top 7 importers of "precious stones" along with the value of these imports. Precious stones includes more than jade -- they may include such gems and stones as sapphire, ruby, emeralds, jade, etc.

- | | |
|------------|---------------|
| 1. Belgium | @ \$9,616,910 |
| 2. USA | @ \$9,468,517 |
| 3. UK | @ \$5,330,275 |
| 4. Israel | @ \$4,210,516 |

5. Hong Kong @ \$2,491,257
6. Switzerland @ \$2,486,969
7. Japan @ \$1,505,863

*Again, these values of imports include more than jade. Take them at face value.



V. Environment Clusters

20. Environmental Problem Type:

Pollution of land

21. Name, Type, and Diversity of Species

N/A

Name:

Type:

Diversity:

22. Resource Impact and Effect:

Low and Regulatory

23. Urgency and Lifetime:

Low and Hundreds of Years

24. Substitutes:

Like Products



VI. Other Factors

Jade and Heroin

The jade trade has created a different type of trade in recent years. Myanmar's (formerly known as Burma) jade and heroin trades now overlap. Those who control the heroin trade have been buying inexpensive jade boulders in Myanmar. Then, after hollowing the boulder out, they replace the stone with packets of pure heroin, reseal the boulders, then ship them across the border to China (Mary Kay Magistad, p.A15). From there, the heroin continues to spread on to Hong Kong, and eventually to the United States. According to US Drug Enforcement Administration estimates, since the 1990s, Myanmar has been the world's single biggest producer of the main ingredient of heroin. *Will this jade rock be hollowed out and be used for drug trade?*

In Mandalay, Myanmar, some of the residents have been quoted as saying that there are three lines of business, "...the green line, the red line and the white line. That's jade, rubies and heroin" (Stephen Mansfield, May 1999). Chinese officials appear to be more concerned with the spread of drugs across its own border, but Myanmar leaders appear to have more of a lenient attitude toward the drug dealers or smugglers. "Although narcotics are one of the 23 listed items officially banned from cross-border trade, contraband of this kind is generally ignored by the military personnel who supervise checkpoints" (Stephen Mansfield, May 1999). However, the actual volume of the heroin export to China is increasing. Also, this drug trade is widely considered to be the military's main source of income for arms payments. In fact, 200 tons of heroin are said to exit Myanmar annually (Stephen Mansfield, May 1999).

It is interesting to note that the Chinese have been importing vast quantities of Burmese jadeite for centuries. "China's finest jade figures in fact, such as those on display in Beijing's Forbidden City Museum and the National Museum collection in Taipei, or those reserved for the top end of their export market, are carved from Burmese jadeite" (Stephen Mansfield, May 1999).

Hong Kong Jade Seller Sets Himself Ablaze

An article in the December 8, 1998 edition of the *Hong Kong Standard* really depicts how serious someone can be about selling jade. A jade seller in Hong Kong

torched himself in a courtroom after he was fined and had his 500 pieces of jade confiscated. He was fined \$400 dollars for illegal hawking. Does every jade seller in Hong Kong or China or elsewhere, have a license to sell jade? My guess would be no. That is why it is necessary to be educated on how to buy genuine jade in a foreign country. Otherwise, you may be buying jade that is not of good quality.

Other Uses for Jade

Farmers in Liaoning province in Northeastern China, have found enjoyment in having a jade pillow -- just as the ancient emperors did (The Xinhua News Agency). Believe it or not, this county actually exports these jade pillows to other countries. As mentioned earlier, traditional Chinese medicine says that jade is good for one's health. The price per pillow for this health? It costs about \$30 US dollars. Who is the target audience for this jade pillow? Most of the people using jade pillows are elder or middle-aged people, for these people in China believe that the fine quality of jade will improve blood circulation to the brain and keep the central nervous system healthy (The Xinhua News Agency). Any confirmed results? A 67-year-old man in this county in China confirmed that after using the jade pillow for nearly one year, black hair started to grow on his head that had been bald for many years (The Xinhua News Agency)!

At the end of 1999, China issued jade souvenirs to commemorate the international year of old persons (The Xinhua News Agency). The jade was designed with elaborate carvings of the tortoise and snake, which are traditional Chinese symbols of health and longevity. By the year 2000 is over, China's aging population will exceed 130 million; by the mid-21st century, China will have about 400 million elderly, the biggest population of old people in the world (The Xinhua News Agency).

25. Culture:

Yes

26. Trans-Boundary Issues:

No

27. Rights:

No

28. Relevant Literature

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