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# Some Information About Silver Sustainability and Rio

By Eddie Bell

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Our customers routinely ask us about the origin of our silver products and are interested in knowing how much of our silver material is recycled and how much comes directly from a mine. To answer the question directly, we use as much recycled material as possible, whenever possible, but we are not able to certify that all of the silver used in the products we sell is exclusively from recycled sources. In this paper, we will shed as much light as we can on these questions.

## Recycled vs. Mined

As you know, all precious metals must be refined before they can be turned into products, whether the source material is scrap (recycled) or freshly mined. Actually, all silver was mined at some point so, to be more precise, we'll refer to silver that comes directly from the mine as 'first generation metal' or FGM.

We source our metal from secondary refiners. Secondary refiners do not buy directly from mining companies but, to be perfectly honest, that doesn't guarantee that there is no FGM silver in the refining lots they buy. The truth is that scrap is coming from thousands of sources.

For example, Rio buys scrap from our customers and consolidates the scrap from between 250 and 300 customers into a single refining lot. Some of the silver we buy comes to us as ingots, and it isn't possible for us to determine the source of the silver in them. Some customers prefer to melt their scrap and pour an ingot for valuation purposes and for simpler, safer shipping. Sometimes they send us ingots that were traded to them for jewelry, and they have no way of knowing if these ingots contain FGM or recycled silver. There is no test that can prove the metal was recycled from scrap.

We can make assumptions, based on economics, that very little FGM silver reaches the public in the United States because the vast majority of the silver produced here is a byproduct of mining for some other metal such as copper, and the companies involved don't deal on a small scale (which is where the needs of our jewelry industry would be)

We can say that the precious metals in the vast majority of the products we sell passed through a secondary refiner and that none of those metals was purchased directly or knowingly from a mine. That isn't, however, the same as saying that there is zero FGM in our products. In addition, if we look at the record of supply and demand, it wouldn't be logical to think that no newly mined FGM is getting into the supply chain.

In fact, using only recycled silver is not in itself sustainable because the supply does not meet the demand. If you look at the latest supply and demand figures from The Silver Institute ([www.silverinstitute.org](http://www.silverinstitute.org)), you will see that in 2011 the total supply of silver from scrap (recycled silver) was roughly one-quarter of the demand, and we can presume some of that scrap is from first uses of newly mined silver.

From the point of view of sustainability, if no newly mined silver were allowed into the marketplace, you and I would be out of business very soon. Just imagine, if the demand were four times higher than the supply, there would be a bidding war. The price would go sky-high and the industrial companies that use most of the silver would get it all because the cost of silver in their products is a very small percentage of their overall cost and they can pass the

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increased cost through to the consumer. If the low supply level were to become critical, the governments of the world would have to take control of it (just as they did during WWII) and ration it on a strategic need basis. I remember stories my father and Rio's founder, Saul Bell, told me about the difficulty he had buying silver during WWII. Jewelry, it seemed, was on the bottom of the priority list.

### **About Mines**

Though I am admittedly not an expert on this subject, I want to share my thoughts on mining. By definition, a mine is not sustainable because all mines run out of ore eventually. Furthermore, there are certainly horrible examples of environmental (and, in my mind, criminal) disasters perpetrated by mining companies around the world; some of the examples I have seen are just disgusting. The mining industry, however, is working to clean up its act. It takes some dedicated searching because few people write about responsible mining, but there are examples you can find.

Five years ago, I visited the Stillwater mine, where they principally mine for platinum group metals but also recover copper, nickel and gold as byproducts. This mine is in the pristine and scenic mountains of south-central Montana, and it is surrounded by multimillion-dollar vacation homes owned by movie stars and such people. I was very impressed with the care Stillwater takes to not pollute the ground, air or water. They turn their byproducts into useful products. Everything that comes out of the Stillwater mine is either used or put back where it came from. When they are finished with that mine, no one will be able to tell that they were ever there.

Last November, in Jaipur India, I attended the first Gemstones Mine to Market meeting, where I saw reports and spoke to mine owners about what they are doing. I got a new perspective on what responsible mining can mean for communities near mines. One example concerns a very poor part of northern Brazil. An American mine owner is developing education and agriculture in the region so that, when the mine is depleted, the miners will have a sustainable way of making a living without leaving their homes. In the meantime, the mining operation supplies the funds that will lift the community out of poverty.

The jewelry industry in the United States has primarily used recycled precious metals for the past 60 years and perhaps longer. Here in the U.S., recycled raw materials best fit the cost structure of our jewelry industry. The refiners who serve the jewelry industry are mostly too small to serve mines. The fact that jewelry takes a disproportionate share of the available recycled material only means that other industries must use mainly mined FGM—it does not stop mining. Because 'responsible mining' means something different in wealthy Montana than in dirt-poor northern Brazil, there can't be just one rule that fits all. But there are examples, such as those I shared above, of how mining can be done in responsible ways.

Rio appreciates your concern for the environment and supports your efforts to do what you believe is right. My family started working to make our business a sustainable and environmentally sensitive workplace decades before it became popular, and we will continue to do so. All of us at Rio Grande believe we should do everything we can to be environmentally good citizens and that, as a business, we have an obligation to all our stakeholders (customers, employees and suppliers) to be as sustainable as we can possibly be. That means we work to have the supplies you need, when you need them and at a reasonable price while continuing to do everything and anything we can to leave a better place for our grandchildren and yours.