

Thailand's Gems and Jewelry Import and Export Performance in 2006

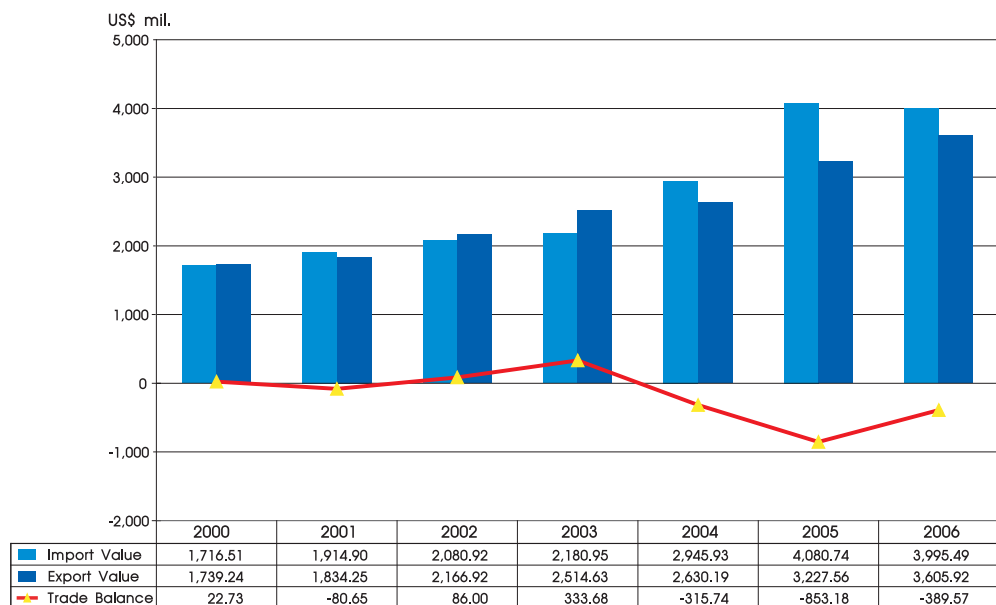
Overview

The trade of Thailand's gems and jewelry products under Harmonized Tariff Schedule Chapter 71¹ from January to December 2006 gained 4.01 percent growth with the total value accounted to US\$ 7,601.41 million increased from US\$ 7,308.30 million during the same period of previous year.

The export value of gems and jewelry increased 11.72 percent from US\$ 3,227.56 million to US\$ 3,605.92 million. Gems and jewelry has been one of Thailand's key exports. It was ranked the sixth of Thailand's highest export earners. The export value accounted for 2.78 percent of the country's total export value.

The import value of gems and jewelry fell 2.09 percent from US\$ 4,080.74 million to US\$ 3,995.49 million. It was accounted for 3.15 percent of the country's total imports value, ranked the ninth of the country's highest import value. In spite of the decrease in overall imports value when compared to previous year, in 2006 gems and jewelry products witnessed trade deficit of US\$ 389.57 million as shown in Figure 1.

Figure 1 Thailand import/export value of gems and jewelry 2000-2006



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

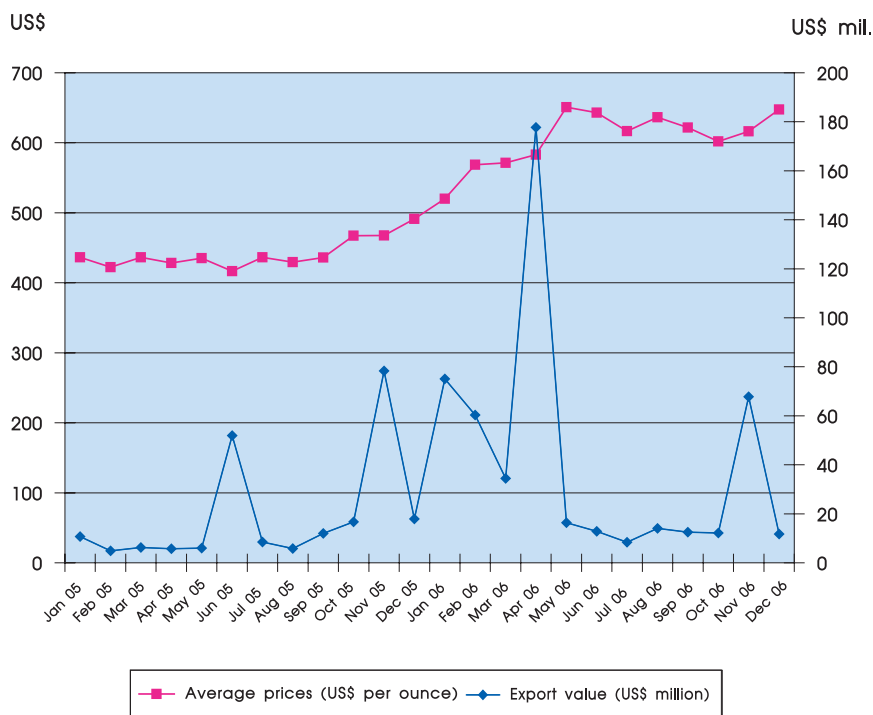
¹ Chapter 71 Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin

Exports Performance

Export value of gems and jewelry increased by 11.72 percent. The most important item in this category was jewelry which accounted for 47.12 percent. Total export value of jewelry decreased by 0.47 percent due to the 3.69 percent decline in gold jewelry. In addition, platinum jewelry, although seemed to have great performance last year, dropped by 49.54 percent. Moreover, silver jewelry witnessed only 11.18 percent increase. Other jewelry made from different precious metals (apart from gold, silver and platinum) is likely to double in growth.

Diamond, the second major item, accounted for 23.59 percent share, 1.41 percent decrease. Gold in unwrought form took 13.96 percent share, 123.92 percent growth. It is to be noticed that despite the unstability of gold prices in global market during 2006, the prices still remained high. As a result, some traders exported unwrought gold to foreign countries in order to gain profit from the surplus. According to the statistic shown in Figure 2, which indicated the relation between average gold prices in global market from 2005 to 2006 and the value of unwrought gold exported from Thailand, the export value of unwrought gold in April 2006 soared to almost US\$ 180 million, the highest in 2 years. Although the gold prices in global market developed in high level after that, it remained very unstable. Thus, afterward the export value dropped. It should partly be due to the price mechanism in global market. However, during the end of 2006 the gold prices still resulted in high rates, therefore, the export value at the period rose before a slight decrease in December 2006.

Figure 2 Average gold prices in global market and export value of Thailand's unwrought gold from 2005 to 2006



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

Third major item was colored stone which recorded 14.25 percent rise. At present, colored stone has gained more popularity as fashion trends shifted their interest to colorful jewelry. Furthermore, as a result of the rise of diamond price in global market, the traders made lower profit. Thus, they shifted their interest to manufacture and promote colored stone jewelry trend. These should be the causes that increased the colored stone export value, especially semi-precious stone. Other important items were imitation jewelry and synthetic stone. Both items still saw good growth with the increase of 32.33 percent and 141.77 percent respectively. The details are shown in Table 1.

Table 1
Export value of Thailand's gems and jewelry from January to December 2005 & 2006

Categories	Value (US\$ million)		Share (percent)		Change (percent)
	Jan-Dec 05	Jan-Dec 06	Jan-Dec 05	Jan-Dec 06	
1. Jewelry	1,691.30	1,699.28	52.40	47.12	0.47
1.1 Silver jewelry	505.83	562.36	15.67	15.60	11.18
1.2 Gold jewelry	1,140.38	1,098.33	35.33	30.46	-3.69
1.3 Platinum jewelry	39.04	19.70	1.21	0.55	-49.54
1.4 Other precious metals jewelry (other than 1.1-1.3)	5.31	18.26	0.16	0.51	243.88
1.5 Others	0.74	0.63	0.02	0.02	-14.86
2. Diamond	862.85	850.71	26.73	23.59	-1.41
2.1 Rough	85.73	225.50	2.66	6.25	163.04
2.2 Polished	633.42	619.60	19.63	17.18	-2.18
2.3 Others	143.70	5.61	4.45	0.16	-96.10
3. Gold	224.75	503.27	6.96	13.96	123.92
4. Colored stone	230.80	263.69	7.15	7.31	14.25
4.1 Rough	20.74	21.26	8.17	0.59	2.51
4.2 Polished precious stone	124.03	133.45	3.84	3.70	7.59
4.3 Polished semi-precious stone	86.03	108.99	2.67	3.02	26.69
5. Imitation jewelry	119.74	158.45	3.71	4.39	32.33
6. Synthetic stone	17.19	41.56	0.53	1.15	141.77
7. Others	80.93	88.96	2.51	2.47	9.92
Total (1+2+3+4+5+6+7)	3,227.56	3,605.92	100.00	100.00	11.72

Source: The Gem and Jewelry Institute of Thailand (Public Organization) in collaboration with the Customs Department

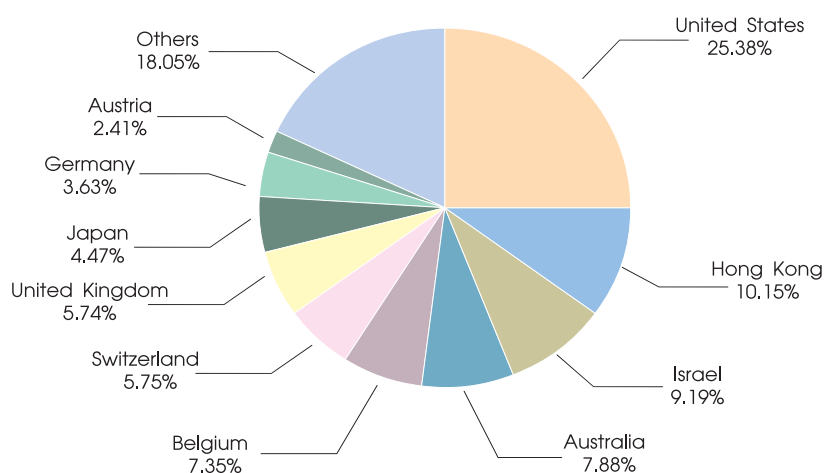
The most important market for Thailand's gems and jewelry exports was still the United States, with 25.38 percent share. However, the export value of 2006 decreased by 4.33 percent. According to the information from Global Trade Atlas during the first 11 months of 2006, Thailand remained one of the US's top ten gems and jewelry key import sources. Thailand witnessed the growth of 17.45 percent with 3 percent of market share. Approximate 80 percent of the items imported from Thailand belonged to jewelry. Gold and platinum jewelry accounted for 86.80 percent share. Whereas silver jewelry took about 13 percent share and others took 0.20 percent.

India remained the most significant competitor in US market for Thai gold and platinum jewelry. India was able to keep the highest market share of 28.75 percent, with 13 percent continual growth. Following India was China which was the competitor with its growth as high as 35.49 percent whereas the market share was 10.19 percent. The third and fourth highest earners were Thailand and Italy with the market share of 9.77 percent and 9.59 percent, the growth of 14.43 percent and 15.99 percent respectively.

Other significant exported item was silver jewelry. China has become market leader of this category in the US. The country gained 31 percent of the market share, with 28 percent growth. Thailand followed second in the US market with 25 percent share, 23 percent rise. Followed Thailand was Italy with 15 percent of market share, 25 percent growth. Other significant competitors were India, Mexico and Indonesia. These countries gained 8 percent, 5 percent and 4 percent of the market share respectively. Mexico was the only country witnessed 54 percent decline in export value to the US whereas India and Indonesia witnessed 26 percent and 50 percent increase orderly.

Other important export markets were Hong Kong, Israel, Australia and Belgium which gained 10.15 percent, 9.19 percent, 7.88 percent and 7.35 percent of market share respectively as shown in Figure 3.

Figure 3 Thailand's gems and jewelry export markets in 2006



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

Thailand's export of gems and jewelry to Australia increased nearly 411.66 percent, mostly was unwrought gold which accounted for more than 80 percent share. Whereas the export value to Israel and Belgium decreased due to the decline in the export of the major item, diamond. Diamond exported to Israel and Belgium decreased 6.98 percent and 3.18 percent respectively.

Imports Situation

The highest item in value remained gold in unwrought form with the 46.43 percent share, the latter was diamond with 31.52 percent share of the total import value of gems and jewelry. Although, unwrought gold took the most share, it decreased about 5.84 percent. The import value of diamond, rough and polished, decreased 3.37 percent. The main import sources of diamond were India, Israel, Belgium, Hong Kong and Botswana. Other imported items were silver, jewelry and colored stones with 9.07 percent, 4.92 percent and 4.18 percent share respectively. The details were shown in Table 2.

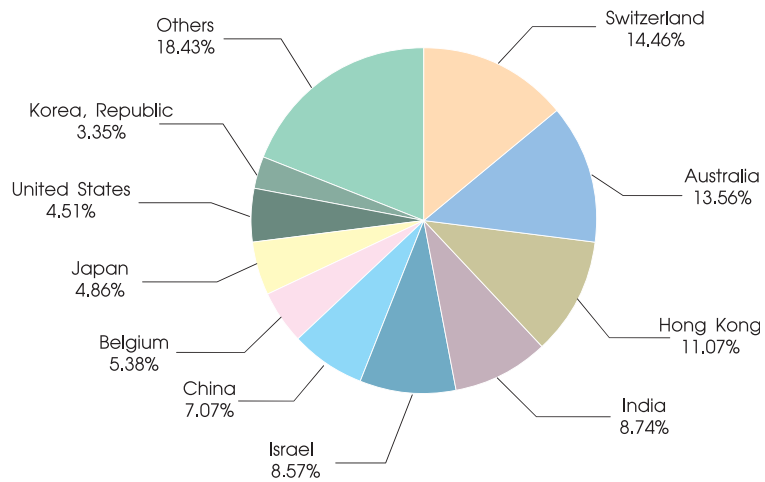
Table 2 Import value of gems and jewelry to Thailand from January to December 2005 & 2006

Categories	Value (US\$ million)		Share (percent)		Change (percent)
	Jan-Dec 05	Jan-Dec 06	Jan-Dec 05	Jan-Dec 06	
1. Gold	1,970.24	1,855.09	48.28	46.43	-5.84
2. Diamond	1,303.21	1,259.34	31.94	31.52	-3.37
2.1 Rough	552.84	518.22	13.55	12.97	-6.26
2.2 Polished	745.47	733.85	18.27	18.37	-1.56
2.3 Others	4.90	7.27	0.12	0.18	48.37
3. Silver	332.03	362.44	8.14	9.07	9.16
4. Jewelry	179.66	196.40	4.40	4.92	9.32
4.1 Silver jewelry	17.68	24.60	0.43	0.62	39.14
4.2 Gold jewelry	152.01	162.60	3.73	4.07	6.97
4.3 Platinum jewelry	6.27	5.22	0.15	0.13	-16.75
4.4 Other precious metals jewelry (other than 4.1-4.3)	3.57	3.74	0.09	0.09	4.76
4.5 Others	0.13	0.24	0.00	0.01	84.62
5. Colored stone	145.33	166.90	3.56	4.18	14.84
5.1 Rough	15.94	19.09	0.39	0.48	19.76
5.2 Polished precious stone	44.83	48.06	1.10	1.20	7.20
5.3 Polished semi-precious stone	84.55	99.75	2.07	2.50	17.98
6. Platinum	23.38	23.54	0.57	0.59	0.68
7. Others	127.02	132.02	3.11	3.30	3.94
Total (1+2+3+4+5+6+7)	4,080.74	3,995.49	100.00	100.00	-2.09

Source: The Gem and Jewelry Institute of Thailand (Public Organization) in collaboration with the Customs Department

The major import sources for Thailand remained Switzerland, Australia, Hong Kong, India and Israel respectively as shown in Figure 4.

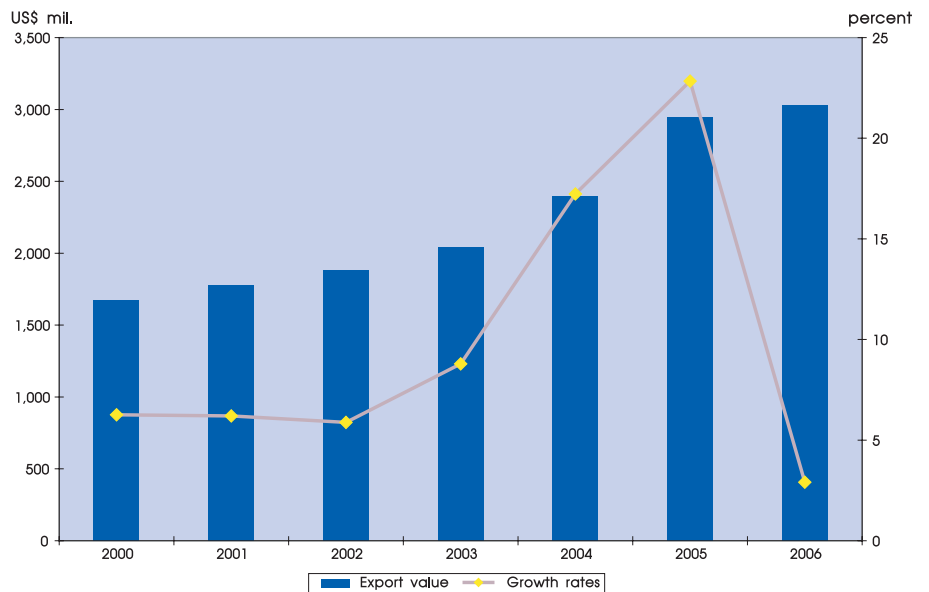
Figure 4 Thailand's gems and jewelry import sources in 2006



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

Nevertheless, the overall of Thailand's gems and jewelry exports in terms of value in 2006 increased 11.72 percent. Main factor for the rise was the growth of unwrought gold import which doubled in terms of value. Whereas, after having considered major items separately namely, pearl, diamond, colored stone, synthetic stone, jewelry and imitation jewelry, Thailand exports in terms of value increased by 2.91 percent. The key export products like jewelry could hardly see increase. Gold jewelry decreased by 3.69 percent in terms of value. Silver jewelry reached only 11.18 percent growth. Both statistics reflected the sign indicated that exports situation for Thai gems and jewelry was to be concerned. Therefore, every related sectors should cooperate in order to closely follow and find solution.

Figure 5
Export value of pearl, diamond, colored stone, synthetic stone, jewelry and imitation jewelry and growth rates



Source: The Gem and Jewelry Institute of Thailand (Public Organization)

For 2007 there are many issues which could affect gems and jewelry import and export value. The traders and related personnel should keep a close watch on the followings:

The continuing appreciation of the baht. According to the information released by Bank of Thailand, average exchange rate on February 5, 2007 was THB 35.827/US\$ 1. Some analysts forecasted that the baht will remain strong for a period of time. Although, current government had implemented the measure to reserve foreign funds for 30 percent on December 19, 2006 to control the inflow of funds which will affect the strength of the baht so that it would not become too strong and affect the country's exports. However, the traders should find ways to cope with the situation if the baht should become stronger. The traders could consider to do financial risk management such as exploit forward contract or export credit insurance services. These will help the traders from impact of the instability of currency exchange rates.

The withdrawal of US Generalized System of Preferences (GSP) will be officially announced on July 1, 2007. Around the end of 2006, the US President signed Tax Relief and Health Care Act 2005 (HR6111) which included the extension of GSP for another 2 years (January 1, 2007-December 31, 2008). Gems and jewelry is one of the categories to be withdrawn from GSP especially gold jewelry under HS Code 71131950. However, related organizations especially Thai Gem and Jewelry Traders Association has collaborated with other sectors to urge US government to reconsider GSP extension for Thailand.

The amendment of Harmonized Tariff Schedule according to the Customs Tariff Decree (No.4) B.E. 2549 which will be put in force from January 1, 2007 onward. Due to the amendment, the harmonized tariff code will be changed from 7 digits to 8 digits.

**Issues to keep
a close watch
on in 2007**

Service Provider on Information of Gem and Jewelry Trade on the Basis of Update, Reliance and Accuracy

The online gem and jewelry database system serves as one of the essential tools of GIT information center in facilitating the dissemination of in-depth data in several aspects about the gem and jewelry industry to the public widely and efficiently so that the data can be utilized by Thai entrepreneurs in planning the appropriate production and marketing strategies, developing the product style to correspond with the demand of consumers, adapting the strategies to keep pace with the changes in business environment, as well as avoiding the trade disadvantages.

The online data covers such aspects as gems and jewelry marketing, import-export statistics, trade regulations, taxation structure, as well as international gems and jewelry trade fairs and seminars, importer lists in major markets and Thai exporter lists. Interested parties may use the gem and jewelry online database system without any costs incurred by logging on to <http://gemandjewelrydb.git.or.th/gem>

The Gem and Jewelry Institute of Thailand (Public Organization) - Microsoft Internet Explorer

Address <http://gemandjewelrydb.git.or.th/gem/home.asp?Language=EN>

The Gem and Jewelry Institute of Thailand (Public Organization)
สถาบันวิจัยและพัฒนาอัญมณีและเครื่องประดับแห่งชาติ (องค์การมหาชน)

You are visitor no. 117483

E-mail:
Password:
Register
Forget Password
Log in

Gem & Jewelry Database System

Gem and Jewelry Information Center

The primary responsibilities of the information center encompass the study, research, collection, analysis and preparation of the database concerning Thailand's gem and jewelry marketing, and its trading partners and competitors. The data covers such aspects as raw materials, production, design, import-export statistics, consumption behavior, product style, taxation structure, trade regulations, as well as trade and investment opportunities and obstacles. The information center is purported to guide and caution the Thai gem and jewelry industry and disseminate information to entrepreneurs, relevant public and private sectors, students and interested public in general.

The online gem and jewelry database system serves as one of the essential tools of the information center in facilitating the dissemination of in-depth data in several aspects about the gem and jewelry industry to the public widely and efficiently so that the data can be utilized by Thai entrepreneurs in planning the appropriate production and marketing strategies, developing the product style to correspond with the demand of consumers, adapting the strategies to keep pace with the changes in business environment, as well as avoiding the trade disadvantages. Interested parties may use the gem and jewelry online database system without any costs incurred.

PRINT VERSION

Published by The Gem and Jewelry Institute of Thailand (Public Organization),
Gemmological Research and Testing Building in Faculty of Science, Chulalongkorn University,
Phayathai Road, Patumwan, Bangkok 10330, THAILAND Tel: (662) 218-5470-4 Fax: (662) 218-5474
Website: <http://www.git.or.th> E-mail: jewelry@git.or.th

Disclaimer

This publication has been provided by the Gem and Jewelry Institute of Thailand (Public Organization). All rights reserved. All copyright in this publication and related work is own by the Gem and Jewelry Institute of Thailand (Public Organization). The same may not be reproduced, wholly or in part in any material form, modified or in any manner communicated to any third party except with the written approval of the Gem and Jewelry Institute of Thailand (Public Organization).