

## Analysis of Thailand's Gems and Jewelry Import and Export Performance in 2008

### Overview

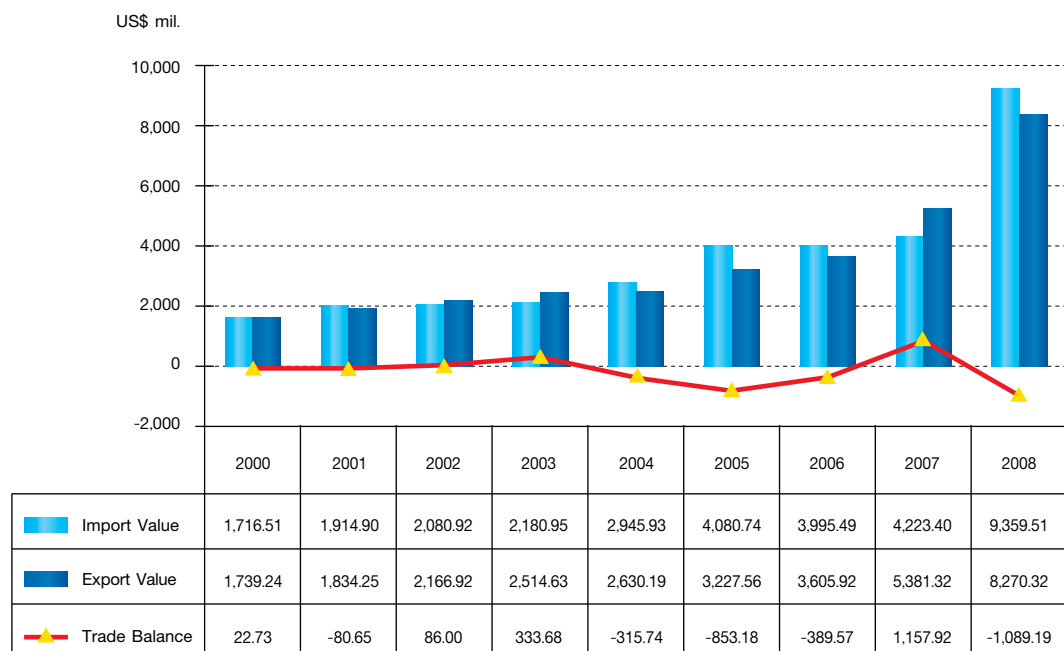
*Thailand's exports of gems and jewelry in 2008 witnessed a growth of 54 percent in value. However, the country's import value of gems and jewelry rose 1.21 times. Consequently, the country's products in gems and jewelry category faced the deficit of US\$ 1,089.19 million.*

The country's import and export statistics of gems and jewelry under Customs Tariff Schedule Chapter 71\* in 2008 indicated that the exports increased 53.69 percent from US\$ 5,381.32 million to US\$ 8,270.32 million. Gems and jewelry products were ranked the third most significant

export products. Their export value accounted for 4.65 percent of the gross export value of the country. The import value of the commodities in this category increased more than 1.21 times from US\$ 4,223.40 million to US\$ 9,359.51 million. The category was ranked the sixth highest imported products in terms of value, accounted for 5.24 percent of the country's total import value.

Nevertheless, having taken a closer look at trade balance of gems and jewelry in particular, it was found that Thailand had deficit of US\$ 1,089.19 million, the highest deficit in 9 years since 2000. The details are shown in Figure 1.

Figure 1 Thailand's imports/exports of gems and jewelry from 2000-2008



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

## Exports Performance

The most important product in this category was unwrought or semi-manufactured gold. It accounted for 40.91 percent of Thailand's total value of gems and jewelry exports. In 2008 export value of the product rose more than 1.23 times. The unwrought or semi-manufactured gold took away the position of the highest export earner that previously belonged to jewelry.

The second highest export value belonged to jewelry with a growth of 35.22 percent, accounted for 34.44 percent of the country's total exports of gems and jewelry in terms of value. After having

analyzed each product separately, it was found that the export of gold jewelry increased 51.37 percent while that of silver jewelry rose 9.41 percent and platinum jewelry's export expanded 1.42 times.

The third most important product was diamond with the share of 13.34 percent, up 16.10 percent. Most exported diamonds were polished ones, with a growth of 22.37 percent. Other products were colored stone with a 39.97 percent growth, imitation jewelry which increased 10.29 percent and synthetic stone which shrank 32.28 percent. The details are shown in Table 1.

Table 1 Thailand's export value of gems and jewelry from January-December 2007 & 2008 (by category)

Categories	Value (US\$ mil.)		Share (percent)		Change (percent)
	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	
1. Unwrought or Semi-Manufactured Gold	1,513.28	3,383.67	28.12	40.91	123.60
2. Jewelry	2,106.65	2,848.67	39.15	34.44	35.22
2.1 Silver jewelry	786.59	860.63	14.62	10.41	9.41
2.2 Gold jewelry	1,214.34	1,838.19	22.57	22.23	51.37
2.3 Platinum jewelry	12.70	30.71	0.24	0.37	141.76
2.4 Others	93.02	119.14	1.73	1.44	28.09
3. Diamond	950.61	1,103.64	17.66	13.34	16.10
3.1 Rough	261.04	264.13	4.85	3.19	1.18
3.2 Polished	685.73	839.11	12.74	10.15	22.37
3.3 Others	3.83	0.40	0.07	0.00	-89.47
4. Colored Stone	371.29	519.68	6.90	6.28	39.97
4.1 Rough	27.79	20.10	0.52	0.24	-27.66
4.2 Polished precious stone	173.98	254.89	3.23	3.08	46.50
4.3 Polished semi-precious stone	169.52	244.70	3.15	2.96	44.35
5. Imitation Jewelry	179.31	197.77	3.33	2.39	10.29
6. Synthetic Stone	104.57	70.81	1.94	0.86	-32.28
7. Others	155.62	146.06	2.89	1.77	-6.14
<b>Total (1+2+3+4+5+6+7)</b>	<b>5,381.32</b>	<b>8,270.32</b>	<b>100.00</b>	<b>100.00</b>	<b>53.69</b>

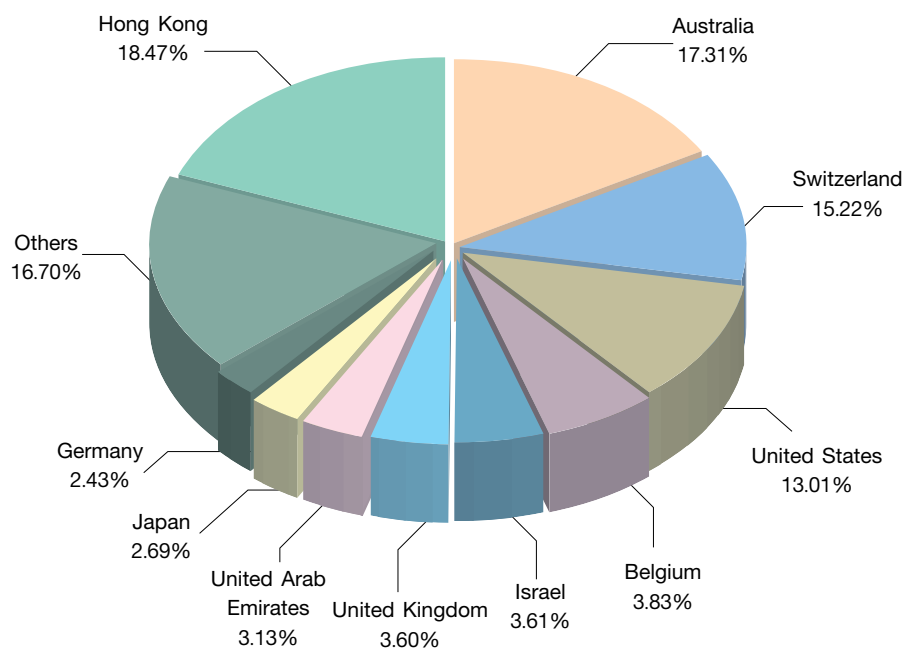
Source: The Gem and Jewelry Institute of Thailand (Public Organization)  
in collaboration with Customs Department

The gems and jewelry market with the highest export value in 2008 was Hong Kong, accounted for 18.47 percent share. The exports to Hong Kong increased 70.16 percent. Unwrought or semi-manufactured gold was the major exported product that accounted for more than half of the gross export value. An 18 percent of the total export value belonged to jewelry. The export value of gold rose 72.54 percent. Jewelry, the category which was dominated almost entirely by gold jewelry, increased more than 1.68 times.

Hong Kong was followed by other major gems and jewelry export markets: Australia, Switzerland, United States and Belgium with their share of 17.31, 15.22, 13.01 and 3.83 percent,

respectively. However, it should be noted that export value to Australia and Switzerland expanded 1.37 and 1.16 times, respectively. Also unwrought or semi-manufactured gold was the majority of the products exported to the countries. The export of unwrought or semi-manufactured gold to Australia and Switzerland increased 1.53 and 1.29 times, respectively. On the contrary, the export value to the United States increased slightly at 4.81 percent. The major product exported to the United States was still jewelry which accounted for 77 percent. However, the export value of the product increased only 0.06 percent. The main factor was the decrease of silver jewelry's export which dropped 15.23 percent. Gold jewelry export increased 10.92 percent.

Figure 2 Thailand's gems and jewelry export markets in 2008



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

New export markets with high potential of growth were some of the Middle Eastern markets, particularly Kuwait, Qatar, United Arab Emirates, Bahrain and Lebanon. The aforementioned markets' imports of gems and jewelry from Thailand increased 544.72, 344.69, 89.44, 75.20 and 70.93 percent, respectively. The export value to Russia and India increased 89.15 and 65.77 percent, respectively. Gold jewelry was the product which gained high rise in these markets.

However, having analyzed the overview of Thailand's export value of gems and jewelry to

major markets and regions in Table 2, it was found that during the past 3 years (2006-2008) Thailand's major export markets: United States, European Union countries and Japan earned less share and annual growth rates were rather low (except for 27 countries of the European Union). On the contrary, the export share to new markets like India, Russia and the Commonwealth of Independent States, ASEAN countries as well as Pacific Islands Forum countries like Australia and New Zealand constantly gained more share and tended to increase.

Table 2 Thailand's export value of gems and jewelry during 2006-2008 (by country/region)

Country/region	Value (US\$ mil.)			Share (percent)			Change (percent)	
	2006	2007	2008	2006	2007	2008	07/06	08/07
USA	915.09	1,026.55	1,075.88	25.38	19.08	13.01	12.18	4.81
European Union	951.00	1,150.67	1,500.48	26.37	21.38	18.14	21.00	30.40
Japan	161.06	191.17	222.17	4.47	3.55	2.69	18.70	16.21
China	8.28	13.94	12.01	0.23	0.26	0.15	68.36	-13.84
India	50.67	93.72	155.37	1.41	1.74	1.88	84.98	65.77
Russia and the Commonwealth of Independent States	20.24	30.44	48.42	0.56	0.57	0.59	50.45	59.04
Middle Eastern Countries	457.85	587.07	668.05	12.70	10.91	8.08	28.22	13.79
ASEAN	82.68	89.14	220.31	2.29	1.66	2.66	7.81	147.16
Pacific Islands Forum (PIF)	287.33	607.67	1,436.52	7.97	11.29	17.37	111.49	136.40
Others	671.72	1,590.93	2,931.10	18.63	29.56	35.44	136.84	84.24
<b>Total</b>	<b>3,605.92</b>	<b>5,381.32</b>	<b>8,270.32</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>49.24</b>	<b>53.69</b>

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

## Imports Situation

The import value of the gems and jewelry in 2008 increased 1.21 times. Unwrought and semi-manufactured gold remained the highest imported product with the share of 64.84 percent. Diamond took the second place with the share of 16.53 percent of the total import value of gems and jewelry. Jewelry was in the third place with the share of 6.89 percent. The import value of unwrought or semi-manufactured gold and jewelry increased 2.70 and 1.87 times,

respectively, whereas diamond import value rose 10.42 percent.

Silver, colored stone and synthetic stone earned the share of 5.88, 3.65 and 0.81 percent, respectively. The import value of the products went up 8.01, 51.55 and 22.92 percent, respectively. However, more than 90 percent of the imported products were still raw material. The details are shown in Table 3.

Table 3 Thailand's import value of gems and jewelry from January-December 2007 & 2008 (by category)

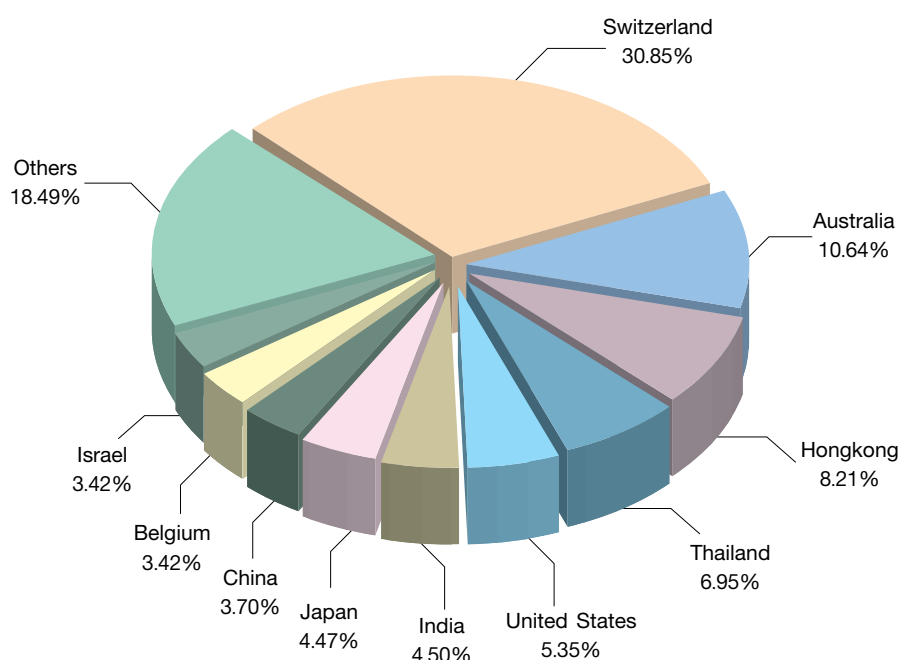
Categories	Value (US\$ mil.)		Share (percent)		Change (percent)
	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	
1. Unwrought or Semi-Manufactured Gold	1,636.33	6,068.34	38.74	64.84	270.85
2. Diamond	1,401.26	1,547.28	33.18	16.53	10.42
2.1 Rough	510.19	513.21	12.08	5.48	0.59
2.2 Polished	875.10	1,018.24	20.72	10.88	16.36
2.3 Others	15.97	15.83	0.38	0.17	-0.84
3. Jewelry	224.17	645.06	5.31	6.89	187.75
3.1 Silver jewelry	42.77	54.16	1.01	0.58	26.63
3.2 Gold jewelry	152.81	522.59	3.62	5.58	241.99
3.3 Platinum jewelry	3.41	8.95	0.08	0.10	162.65
3.4 Others	25.18	59.36	0.60	0.63	135.68
4. Silver	509.45	550.27	12.06	5.88	8.01
5. Colored Stone	225.24	341.34	5.33	3.65	51.55
5.1 Rough	21.88	19.03	0.52	0.20	-13.04
5.2 Polished precious stone	63.01	150.35	1.49	1.61	138.62
5.3 Polished semi-precious stone	140.35	171.96	3.32	1.84	22.53
6. Synthetic Stone	61.69	75.84	1.46	0.81	22.92
7. Others	165.26	131.38	3.91	1.40	-20.50
<b>Total (1+2+3+4+5+6+7)</b>	<b>4,223.40</b>	<b>9,359.51</b>	<b>100.00</b>	<b>100.00</b>	<b>121.61</b>

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

The most important import source was Switzerland with the share of 30.85 percent, up 3.40 times. The most imported product was unwrought or semi-manufactured gold. Switzerland was followed by Australia, Hong Kong, Thailand and the United States which earned the share of 10.64, 8.21, 6.95 and 5.35 percent, respectively. The import value of gems and jewelry from

Hong Kong and the United States was doubled and most of the share belonged to unwrought or semi-manufactured gold imports. Most of the items which increased 5 times and were indicated as imported from Thailand were jewelry that was re-imported into the country after had been displayed in gems and jewelry fairs abroad.

Figure 3 Thailand's gems and jewelry import sources in 2008



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

## Conclusions

Although, from the overview aspect Thailand's exports of gems and jewelry throughout 2008 increased 53.69 percent, after considered the export value of the products under each separate condition in order to indicate actual export potential of the country's gems and jewelry products, the followings were found.

- The export value of solely the main products of the country including pearl, diamond, colored stone, synthetic stone, jewelry and imitation jewelry increased 27.68 percent.
- Thailand's exports of gems and jewelry on value basis excluding export of unwrought or semi-manufactured gold increased 26.33 percent.

- Thailand's exports of gems and jewelry on value basis after the export value of unwrought or semi-manufactured gold and the import value of products returned after displayed in foreign countries' fairs had been deducted increased 12.59 percent.

From the above information, it was found that without the value of gold export and the value of the exhibition display products, which were later re-imported, the actual value of gems and jewelry exports increased only 12.59 percent. The main factor for the 53.69 percent rise of the export value was the export of unwrought or semi-manufactured gold which accounted for more than 40 percent of Thailand's exports of gems and jewelry. 2008 could be considered as the year that changes in export structure were witnessed for the first time in a decade. This was the result of exporting unwrought or semi-manufactured gold for investment and speculation which has been increasingly popular. Nowadays, investors who had been disappointed from investing in financial market and capital market shifted to put more investments in gold. Apart from having been believed to be savior from inflation in the long run, gold can also constantly generate benefits amidst unstable economy like today. In 2009, the popularity in gold investment tends to remain continually. This will drive the export and import value of gold to remain in a high level as it was during 2008.

For the gems and jewelry trading sector, the effects of the economic crisis which have spread throughout the globe have caused the major trading partners such as the United States, European countries, Japan to experience economic setback. The country's consumers have less money to spend. Their demands in buying gems and jewelry decreased. Since gems and jewelry are considered as unnecessary and

expensive products, they are the first item the consumers in the countries would reduce buying during economic recession. Consequently, Thailand's export value of gems and jewelry in 2009 may not be as impressive, especially during the first quarter of the year when the success of economic stimulus plans of the countries will not yet become apparent. However, in the midst of the economic crisis, adjusting properly as the following suggestions may help reduce the effects for Thai gems and jewelry traders.

- Previously gems and jewelry industry of the country depended mostly on exporting as about 80 percent of the products were exported, while 20 percent were sold in the domestic markets. The entrepreneurs could shift their focus to develop the designs of the products to suit the demands of the domestic consumers with high purchasing power.

- The gem and jewelry entrepreneurs may adapt the designs of the products in accordance with current economic situation under the assumption that the consumers can still adorn themselves to uplift their spirit even in such tight budget situation. They may manufacture products with similar design and appearance but with less expensive materials, for instance, using silver to replace platinum, using vivid color semi-precious stones to adorn a jewelry setting instead of precious stones or producing hollow and light weight jewelry with fewer amounts of precious metals.

- They can boost demands for Thai gems and jewelry in potential importing countries such as India, Russia, the Commonwealth of Independent States, ASEAN countries as well as Pacific Islands Forum countries like Australia and New Zealand through promotional activities and marketing campaigns by the collaboration of governmental offices and private sector.

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

## ***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 screenshot shows the homepage of the Gem and Jewelry Database System. At the top, it features the logo of The Gem and Jewelry Institute of Thailand (Public Organization) and the date 16 Feb 2009. Below the header, there is a login section with fields for Email and Password, and buttons for Register, Forgot Password, and Log in. A search bar is also present. The main content area is titled "Gem & Jewelry Database System" and "Gem and Jewelry Information Center". It contains two paragraphs of text describing the center's responsibilities and the database system's purpose. A menu on the left lists various categories like Home, Thai Gem and Jewelry Industry, Imports & Exports, etc. At the bottom, there is a "PRINT VERSION" button and copyright information for 2006.

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