



✦ **India Global Connect** ✦
Business Networking Meet
India - Hong Kong
30th September, 2021

...Collaboration Possibilities

Gem and Jewellery Export Promotion Council (GJEPC)

Sponsored by the Ministry of Commerce & Industry

Head Office & Registered Office

Office No. AW 1010, Tower A, G Block, Bharat Diamond Bourse, Next to ICICI Bank, Bandra-Kurla Complex, Bandra - East, Mumbai - 400 051, India

Tell : 91 22 42263600; Fax : 91 - 22 - 26524764, Web : www.gjepc.org

Email : ho@gjepcindia.co

India Global Connect Business Networking Meet – India- Hong Kong 30th September 2021, Time- 12:00 P.M (IST)

India's merchandise exports have witnessed a complete turnaround in the new financial year 2021-22 since the spread of pandemic which led to restrictions on the movement of goods, services and people and breaking of the global value chain on account of complete/partial lockdown across the global economy. Merchandise exports in the first quarter of current financial year stood at US\$ 95 billion, an increase of 85% over corresponding period last year and 18% over FY 2019-20. This was the highest ever for a quarter in India's foreign trade records. This was largely on account of significant growth in engineering, rice, oil meals and marine products as well as other sectors. The Gems and Jewellery sector has been one of the key drivers behind the growth in exports whose exports had plunged to (-) 98 % in April 2020 on account of lockdowns and restrictions.

Gems & Jewellery exports rose by 266.62% to US\$ 9.18 bn during April 2021 to June 2021 as compared to US\$ 2.50 bn during the same period last year and 3% over FY2019-2020. Recently, exports of gems and jewellery have witnessed a growth of 7.41 % to US\$ 15.8 billion during April – August 2021 over the pre-covid level of exports amounting to US\$ 14.7 billion.

India-Hong Kong Global Connect-Business Networking Meet has been organised to enable the stakeholders from both countries to explore areas of collaboration, avenues, trade scenarios and consumer's preferences to strengthen gems and jewellery trade between the two countries

India-Hong Kong Global Connect is the 10th Business Networking Meet that the GJEPC has organised after the successful meetings with the UK, Switzerland, Colombia, Angola, Oman, Singapore, Morocco, Saudi Arabia, and UAE.



Key Participants

Ms. Priyanka Chauhan

Consul General of the Indian Consulate- Hong Kong

Mr. Suresh Kumar

Joint Secretary, MoCI

Panelists from UAE

Mr. Raju Shah

Argho Diamonds

Mr. Sohan Goenka

Uni Rich Jewellery

Mr. Ramesh Virani

Hini star

Mr. Kiran Patel

Dharam Creations

Mr. Rakesh Zaveri

Hong-Kong Indian Diamond Association

Mr. Julius Zheng

Coordinator, GJEPC

Panelists from India

Mr. Colin Shah

Chairman, GJEPC

Mr. Vijay Kedia

Kedia Gem Impex

Mr. Manish Jivani

Anand International

Mr. Dilip Shah

Veer gems

Mr. Ranvir Singh

State Bank of India

Mr. Mansukh Kothari

Convener, Events, GJEPC

Mr Milan Choksi

Convener PMDB ,GJEPC (Moderator)



Ms Priyanka Chauhan, Consul General of the Indian Consulate - Hong Kong, said, "The gem and jewellery sector needs to penetrate deeper in the Hong Kong market. Currently, it has reached only 12% of the total market and there is a lot of scope of increasing exports to the region. The gem and jewellery sector is the key driver today and despite being hit by the pandemic, India is Hong Kong's 7th largest trading partner."

Mr Colin Shah, Chairman, GJEPC, said, "The G&J sector contributes to around 1% of the entire nation's GDP. We are on track to achieve the target of USD 43.75 billion and are major contributors of around 10% of the total merchandise exports. Our country ranks 1st in cut & polished jewellery in the world whereas 2nd in gold, silver and synthetic jewellery and 5th in gemstones. India is among the leading and most important exporters across the globe and has been at the forefront in all categories. As a Council, we look forward to strategizing and working towards getting our share back to pre-covid levels."

Suresh Kumar, Joint Secretary, Ministry of Commerce & Industry, said, "We are finally seeing a turnaround in our exports with an 85% increase in the merchandise exports from the previous year which shows the resilience of the economy. Our export in the gem and jewellery sector is also increasing much more than what we saw in the previous year, and I am happy to see that GJEPC's Global Connect has been successful and helpful for the industry to understand how to revive the exports across the country."

1.1 India -Hong Kong Gems and Jewellery Trade: A Brief Glance

Hong Kong is India's fourth-largest trade partner and bilateral trade between the two countries stood at US\$25.3 billion in 2020-21. Gem and Jewellery is the majorly traded commodity category between India and Hong Kong. The gems and jewellery exports account to US\$ 8 billion of the total exports of US\$10 billion to Hong Kong. Similarly, gems and jewellery imports from Hong Kong stood at US\$ 4.4 billion of the total imports of US\$ 15 billion in 2020-21.

The total bilateral trade pertaining to gems and jewellery commodities between India and Hong Kong is significant at US\$ 12,489.32 million with exports of US\$ 8113.7 million to Hong Kong and imports of US\$ 4375.5 million from the country. Accordingly, Hong Kong accounts for 31.01 % share in India's total exports and 7.93 % share in total imports from the country. **(Refer Table 1)**

Table 1: India-Hong Kong Gems and Jewellery Trade 2020-21

Particulars	Amount 2020-21 (US\$ Mn)	% share in India's Exports / Imports
India's Exports to Hong Kong	8113.77	31.01
India's Imports from Hong Kong	4375.55	7.93
India – Hong Kong Total Trade	12489.32	15.35

Source: DGCI&S

1.2 India's declined exports of G&J products to Hong Kong

The bilateral trade pertaining to gems and jewellery commodities between the two countries has been witnessing a declining trajectory since 2017-18. Gems and jewellery trade between the two countries has been severely impacted during the pandemic and plunged to US\$12 billion in 2020-2021 from around US\$15 billion in the previous year. (Refer table 2)

Table 2: India -Hong Kong G&J trade trends

Year	Exports to Hongkong US\$ Million	Import from Hongkong US\$ Million	Total Trade US\$ Million
2016-2017	12,835.84	6,279.90	19115.74
2017-2018	13124.06	8708.93	21832.99
2018-2019	11140.21	5930.47	17070.68
2019-2020	9524.43	4796.24	14320.67
2020-2021	8113.77	4375.55	12489.32

Source :DGCI&S



1.3 India 's Import and Export basket

a) India's Exports to Hong Kong

Cut and Polished Diamonds is the major commodity which is exported to Hong Kong with an export value of US\$ 5.79 billion and the country is a gateway to supply the commodity to other countries. Around 1/3rd of India's total exports of diamonds of US\$16.2 billion are exported to Hong Kong. Silver jewellery is the other commodity which is significantly exported from India to Hong Kong along with gold jewellery, coloured gemstones, and polished lab-grown diamonds in 2020-21 (Refer Table 3)

Table 3 - India's Exports of Gem and Jewellery Commodities to Hongkong

Product category	Amount (US\$million)
	2020-21
Cut & Polished Diamonds	5795
Gold Jewellery	529.75
Silver Jewellery	1308.07
Coloured gem stones	248.26
Lab Grown Diamonds , Polished	121.68

Source : DGCIS

b) India's Imports from Hong Kong

India majorly imports cut and polished diamonds from Hong Kong with an import value of US\$ 2009 million in 2020-21. Gold bar, unworked lab-grown diamonds, silver bar, and rough diamonds are the other commodities which are imported by India from Hong Kong (Refer table 4)

Table 4 - India's Imports of Gem and Jewellery Commodities from Hongkong

Product category	Amount (US\$million)
	2020-21
Cut & Polished Diamonds	2009
Unworked LGD	436
Rough diamonds	307
Gold bar	611
Silver bar	334

Source : DGCIS

2. Hong Kong's key gems and jewellery imports from the World and India-2019

Hong Kong's total imports of gems and jewellery commodities from the world are valued at US \$ 54 billion which majorly consist of cut and polished diamonds, gold jewellery, silver jewellery, rubies, sapphires and emeralds, precious and semi-precious stones, and imitation jewellery. Cut and polished diamonds and gold jewellery together comprise around 38 % of Hong Kong's total imports of gems and jewellery commodities from the world. India accounts for an 11.8 % share in Hong Kong's total imports of gems and jewellery products. The country is a major sourcing partner for Cut and Polished Diamonds, Silver Jewellery and Precious and Semi-Precious Stones for Hong Kong in 2020. **(Refer table 5)**

Table 5: Hong Kong's Key G&J imports from World and India - 2020

HS Code	Commodity Description	Hong Kong's Imports from World (US\$mn)	Hong Kong's Imports from India (US\$mn)	India's % share in Hong Kong's Imports & rank
71	Gems and Jewellery	54,734.52 mn	6,433.4 mn	11.8%, 2 nd rank
710239	Cut and Polished Diamonds	10,831.04 mn	4604.18 mn	42.5%, 1 st rank
711319	Gold Jewellery	10,156.6 mn	729.9 mn	7.2%, 5 th rank
711311	Silver Jewellery	1163.09 mn	801.4 mn	68.9%, 1 st rank
710391	Rubies , Sapphires and Emeralds	761.6 mn	48.4 mn	6.4%, 7 th rank
710399	Precious and semi-precious stones	229.5 mn	35.8 mn	15.6%, 2 nd rank
7117	Imitation Jewellery	217.4 mn	0.133 mn	0.1%, 31 st rank
710490	Precious and semi-precious stones, synthetic or reconstructed	163.8 mn	69.1 mn	42.2 %, 1 st rank

Source: UN Comtrade Data,2020



3. Major export destinations for Indian G&J products

This section includes the major export destination for Indian gems and jewellery products in the world along with their share in India's total exports. Hongkong is India's 2nd largest export partner for gems and jewellery products. The total gems and jewellery exports to Hong Kong stood at US\$ 8,146.79 million in 2020-21 accounting for 32 % share in India's total exports of US\$ 25,380.87 million. **(Refer table 6)**

Table 6 India's major export destinations for G & J products

Countries	Amount (US\$ million)	% Share in Country's Export
U.S.A	8,690.33	34.24
Hongkong	8,146.79	32.1
U.A.E	3,031.38	11.94
Belgium	1,163.83	4.59
Israel	845.49	3.33
Thailand	649.76	2.56
United Kingdom	361.20	1.42
Singapore	360.96	1.42
Japan	314.97	1.24
Turkey	225.44	0.89
Others	1590.72	6.27
Total	25,380.87	100

Source : GJEPC



India Global Connect – Interactions and Key Take Away

Mr. Milan Chowksi started the rounds of discussions with panellists; outcomes of which are briefly described here below:

A. Change in gems and jewellery product preferences amid pandemic and tourist demand in Hong Kong

There has been a shift in the preferences of buyers in Hong Kong in terms of design and they have become more price-sensitive post-pandemic. Hong Kong has also witnessed an increase in online sales of gems and jewellery products. The audience market of the gems and jewellery sector in Hong Kong has also changed with a larger presence of the younger generation who have begun investing in diamond jewellery due to increased online exposure.

Mr. Raju Shah, Argho Diamonds



The jewellery manufactured in China and Hong Kong is used by retail stores in the country which in turn provide the products to the final consumers. There are also private jewellers in the country that directly sell finished jewellery products to consumers in the far east region. A large proportion of overseas buyers especially from China travel to Hong Kong to meet their sourcing requirements since the country is a global hub for jewellery manufacturing and a free port. The tourist sales account for around 20 % of the total sales of gems and jewellery products in Hong Kong

**Mr. Rakesh Zaveri,
Hong-Kong Indian Diamond Association**

There has been no significant impact of pandemic on gems and jewellery buying preferences in Hong Kong. The restrictions in travel have enabled buyers to shift their spending capacity on gems and jewellery products. The future of gems and jewellery manufacturing in Hong Kong is bright as the country has the best quality of jewellery products in the world. A proportion of supply manufacturing has shifted to other countries, but the business can shift back to Hong Kong at any time on account of opening of economies and revival of business sentiments.

Mr. Rakesh Zaveri, Hong-Kong Indian Diamond Association

Key Points

- The tourist sales account for around 20 % of the total sales of gems and jewellery products in Hong Kong
- There has been a shift in the preferences of buyers in Hong Kong as they have now become more price-sensitive
- Younger generation in Hong Kong have started investing in diamond jewellery

B. Future of Lab-grown diamonds in Hong Kong

Hong Kong is a jewellery hub and is one of the significant export partner for Indian gems and jewellery products. Lab-grown diamonds has witnessed exponential growth over the years. The export potential of lab-grown diamonds in Hong Kong is similar to natural diamonds. However, export financing for lab-grown diamonds is not available in India and the country mostly imports rough diamonds and other raw materials from Hong Kong.

There is a possibility of collaboration between the two countries in terms of setting up units for domestic production and manufacturing of lab-grown diamonds in India including machineries through joint ventures. The Inclusion of Lab-Grown diamonds of the Gem & Jewellery Sector in the PLI Scheme will also lead to an exponential growth in the commodity over the years. There is a need for dissemination of information on High-Pressure High-temperature technology/technique for production of lab-grown diamonds which hasn't yet been introduced in India

Mr. Manish Jivani , Anand International

State bank of India is one of the first banks to introduce a policy on export financing of lab-grown diamonds. The outlook on growth of lab-grown diamonds is neutral, unlike natural diamonds. The gems and jewellery exports have witnessed an upward trajectory and have registered US\$ 15.8 billion in the first five months of the current financial year due to easing of pandemic induced restrictions and opening of economies. The onset of the festive season will propel the demand further and the sector is expected to surpass the annual export target of US\$ 43.75 billion set by the Ministry of Commerce for FY 2021-22. Thus, there is a huge scope for growth in the lab-grown diamonds sector.

Mr. Ranvir Singh, SBI

Key Points

- The lab-grown diamonds are expected to see a huge demand in the coming years
- There is possibility of collaboration between the two countries in terms of setting up units for domestic production and manufacturing of lab-grown diamonds in India including machineries through joint ventures

C. Procedure for Diamonds supply from Hong Kong

Hong Kong is a free port which is characterised by simple and normal procedures for supplying diamonds from Hong Kong to other parts of the world. However, the export of diamonds from Hong Kong to China takes place through the Shanghai Diamond Exchange (SDE) which enjoys a favourable tax policy of 4 % VAT and 0 % import duty. Hong Kong doesn't manufacture diamonds and relies on imports from other countries to meet domestic consumption. Hong Kong serves as a gateway for exporting gems and jewellery commodities to China. There are two major trade channels/routes for importing diamonds by China namely - Directly through manufacturing country i.e. India or indirectly through Hong Kong and India. There has been an increase in demand for diamonds in the country which presents a great opportunity for India to enhance exports of the commodity in Hong Kong

Mr. Julius Zheng, Coordinator -GJEPC

Key Points

- There has been an increase in demand for diamonds in the country which presents a great opportunity for India to enhance exports of the commodity in Hong Kong
- The procedures for supplying diamonds from Hong Kong to other parts of the world are simple.

D. Hong Kong and India Gem and Jewellery industry prowess and technological capability

There is always scope for improvement in technology and machinery around the world. Chinese gems and jewellery manufacturing in terms of design, concept and workmanship is renowned across the world. India is also rapidly progressing in the manufacturing of gems and jewellery products.

Mr. Sohan Goenka, Unirich jewellery

Hong Kong gems and jewellery industry has maintained a benchmark in the world in terms of quality designing, experience, skilled workforce, conducive business environment, and strategic location with surrounding countries. The country not only has a presence of domestic brands with a strong distribution network, but also different international brands fuelled by high purchasing power of the buyers.

Mr. Ramesh Virani, Hini Star

Hong Kong accounts for around 1/3rd of India's total gems and jewellery exports. Indian gems and jewellery products are manufactured to suit the requirements and needs of the International market. The meeting will create an opportunity for manufacturers from both countries to establish trade relations with each other. India is supplying high quality finished gems and jewellery products to reputed international brands and retailers in India.

Mr. Mansukh Kothari ,Convener Events

Key Points

- Hong Kong gems and jewellery industry has maintained a benchmark in the world in terms of quality designing, experience, skilled workforce, conducive business environment, and strategic location with surrounding countries
- India is rapidly progressing in the manufacturing of gems and jewellery products



E. Issues & Challenges hindering G&J trade

Currently, there are no major challenges that are being faced by importers in Hong Kong while importing gems and jewellery products in the country. However, there has been a delay in the shipment of gems and jewellery products from India to Hong Kong as compared to pre-covid level period. The addressal of this operational challenge can boost the gems and jewellery trade between the two countries

Mr. Kiran Patel, Dharam Creations

Key Points

- There has been a delay in shipment of gems and jewellery products from India to Hong Kong as compared to pre-covid level period

F. Coloured Gemstones exports in Hong Kong

Jaipur is the hub for manufacturing coloured gemstones and semi-precious stones. India exports a large variety of coloured gemstones such as emerald, tanzanite, garnet, among others to Hong Kong. Hong Kong is the leading distribution and trading centre for gems and jewellery products in the world. There are a large proportion of international brands in the country (Cartier). India and Hong Kong have deep-rooted trading relations, spanning 50 years, as buyers and sellers of gems and jewellery products. India majorly imports rough gemstones and other raw materials requirements through Hong Kong as the country has relatively fewer import restrictions and more access to rough stones through major mining companies.

Mr Vijay Kedia, Kedia Gems Impex

Key Points

- India exports a large variety of coloured gemstones such as emerald, tanzanite, garnet, among others to Hong Kong
- India majorly meet their raw materials requirements (rough coloured stones) through Hong Kong



G. Role of trade shows in reviving demand and differences in trade shows and business environment between India and Hong Kong

The International Gems and jewellery show (IGJS) in Dubai is expected to revive exports, business sentiment and demand for gems and jewellery products. The recovery in global gems and jewellery sector, pent up demand across all product categories and upcoming festive season will propel demand further. There is a lot of interest in the IGJS show from Middle East, UK, Africa, USA, CIS, SAARC. The IGJS show is the first jewellery B2B show in Dubai post-pandemic with over 100 booths and select 600 International buyers from 35 countries. The show will provide a great opportunity to establish business networks between buyers and sellers and will showcase India's manufacturing prowess.

Mr. Dilip Shah, Veer Gems

There is no major difference in the business environment of both countries. India majorly sells gems and jewellery products through brokers and middlemen while Hong Kong directly conducts its business to the consumers. There is a difference in the trade shows between the two countries which has a significant impact on the gems and jewellery business. The Hong Kong government grants on arrival visas to many overseas buyers from various countries increasing the accessibility and convenience of buyers for attending exhibitions and trade shows in the country.

Mr. Kiran Patel, Dharam Creations

Key Points

- There is no major difference in the business environment of both the countries
- The trade shows, exhibitions and events organised in Hong Kong are more accessible to the buyers
- The International Gems and jewellery show (IGJS) in Dubai is expected to revive exports, business sentiment and demand for gems and jewellery products



Conclusions

Mr. Choksi concluded the meet by highlighting key insights gained from the interactions. He narrated that there is a great scope for enhancing bilateral trade relations between the two countries and also invited Hong Kong panelists to visit the International Gems and Jewellery Show in Dubai (IGJS) organised by the council next month.

- The tourist sales account for around 20 % of the total sales of gems and jewellery products in Hong Kong
- There has been a shift in the preferences of buyers in Hong Kong as they have now become more price-sensitive
- Younger generations have started investing in diamonds as well
- The lab-grown diamonds are expected to see a huge demand in the coming years
- There is possibility of collaboration between the two countries in terms of setting up units for domestic production and manufacturing of lab-grown diamonds in India including machineries through joint ventures
- There has been an increase in demand for diamonds in the country which provided India with a great opportunity to enhance exports of the commodity in Hong Kong
- The procedures for supplying diamonds from Hong Kong to other parts of the world are simple.
- India exports a large variety of coloured gemstones such as emerald, tanzanite, garnet, among others to Hong Kong and majorly meet its raw materials requirements (rough coloured stones) through Hong Kong
- There has been a delay in shipment of gems and jewellery products from India to Hong Kong as compared to pre-covid level period
- Hong Kong gems and jewellery industry has maintained a benchmark in the world in terms of quality designing, experience, skilled workforce, conducive business environment, and strategic location with surrounding countries
- India is rapidly progressing in the manufacturing of gems and jewellery products
- There is no major difference in the business environment of both the countries
- The trade shows, exhibitions and events organised in Hong Kong are more accessible to the buyers
- The International Gems and jewellery show (IGJS) in Dubai is expected to revive exports, business sentiment and demand for gems and jewellery products

Report is Reviewed by:

Mr. Sabyasachi Ray
Executive Director
GJEPC

Prepared by:

Ms. Rashmi Arora
Assistant Director
(Research and Statistics)
GJEPC

For any query e-mail at rashmi.arora@gjepcindia.com

Mr. Alfred Cyril
Statistician
Statistics Department
GJEPC
cyril@gjepcindia.com

Mr. Animesh Sharma
Sr. Research Executive
Statistics Department
GJEPC
animesh.sharma@gjepcindia.com



Disclaimer

A brief report titled **“India-Hong Kong – Collaboration Possibilities ”** is prepared by Gems and Jewellery Export Promotion Council (GJEPC) for general guidance and information purposes only and should not be reproduced or disseminated to others without the permission of Gems and Jewellery Export Promotion Council.

Though, every effort is done to confirm the accuracy and completeness of the data contained, the GJEPC takes no responsibility and assumes no liability for any error/ omission or accuracy of the report. Readers of the report should seek professional advice or arrive at their own judgement and conclusion at their sole discretion before making any decision based on this report.

Gems and Jewellery Export Promotion Council (GJEPC)
ALL RIGHTS RESERVED
October 2021