

## **US – CHINA TRADE WAR: India about to take a leap of faith to become world's biggest gems and jewellery exports hub**

### **On the Onset of Hong Kong losing its privilege status for preferential economic trade with the US, India sees brighter days ahead for Gems and Jewellery exports**

With the Chinese imposition of the national security law on Hong Kong, the United States of America has given an indication of imposing 7.5% duty, which was earlier about 3.3%. US, President Donald Trump, has unswervingly seen attacking China over the spread of Coronavirus in the United States and not been able to contain it. The series of allegation by Donald Trump on China not alarming the world about the upcoming deadly virus pandemic has now intensified into strong tensions between the two countries over an ongoing trade war.

President's executive order ending Hong Kong's preferential economic treaty under U.S. law effectively ends the territory's separate customs treatment from China. Which means, the goods exported from Hong Kong will now be considered as goods made in China for duty purpose.

**Colin Shah, Chairman GJEPC** said, "Without going into the nuances of the move, I feel that this move will possibly create opportunities to India in Gems & Jewellery trade. For the US, HK & China are 4th largest importing destinations of Gems & Jewellery after India, France and Italy. Hong Kong & China exported gem and jewellery worth \$980.85 million and \$2622.19 million respectively to US in the year 2019. Ending of Preferential treaty as per the new order with HK would open new business avenues for India. The manufacturing business has the potent to witness a shift to India from China. However HK & China is also an important destination for India's Gem & Jewellery Exports with nearly 27% of exports directed to that market which contains diamonds and gemstones which are used as raw materials for studded jewellery exports to US. Many Indian Diamond and Jewellery companies have their offices in HK and the move is likely to impact their businesses too.

"India possesses natural benefit of ready availability of raw material, manpower and skillsets, a sector with 5 million workforce and a ready infrastructure to cater to the global demand. Indian gem & jewellery sector has an opportunity ahead to take a quantum leap to become the global leader and a trading hub in the gems and jewellery.", **Chairman Colin Shah** added.

Just to give a perspective, prior to the handover in 1997, the United States enacted the 'US-HK Policy Act' of 1992. The US-HK Policy Act effectively sought to recognize Hong Kong's status for a number of purposes under US law, including trade (and its membership of the World Trade Organisation); its role as an international financial center. The US-HK Policy Act allows the US President to suspend or change (or later rescind) the recognition of Hong Kong's status under US laws through an Executive Order.

According to GJEPC, India has exported gem and jewellery worth \$10.48 billion in 2018-19 and \$9.17Bn in 2019-20 to the USA, which is 26% percent of overall gems and jewellery exports from India. Thus US shares a larger pie for the gems and jewellery consumption from India.