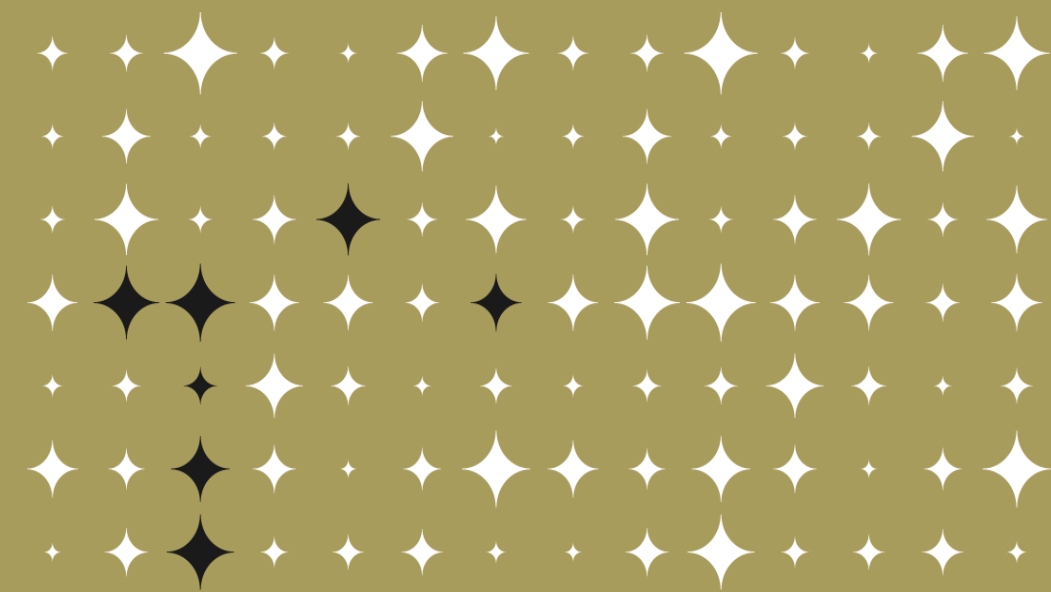




Gem and Jewellery Trade Update

April 2020 – March 2021



GJEPC Statistics Department (Data and Analytics Unit)



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Gem and Jewellery Trade Update : April 2020 – February 2021

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Key Highlights

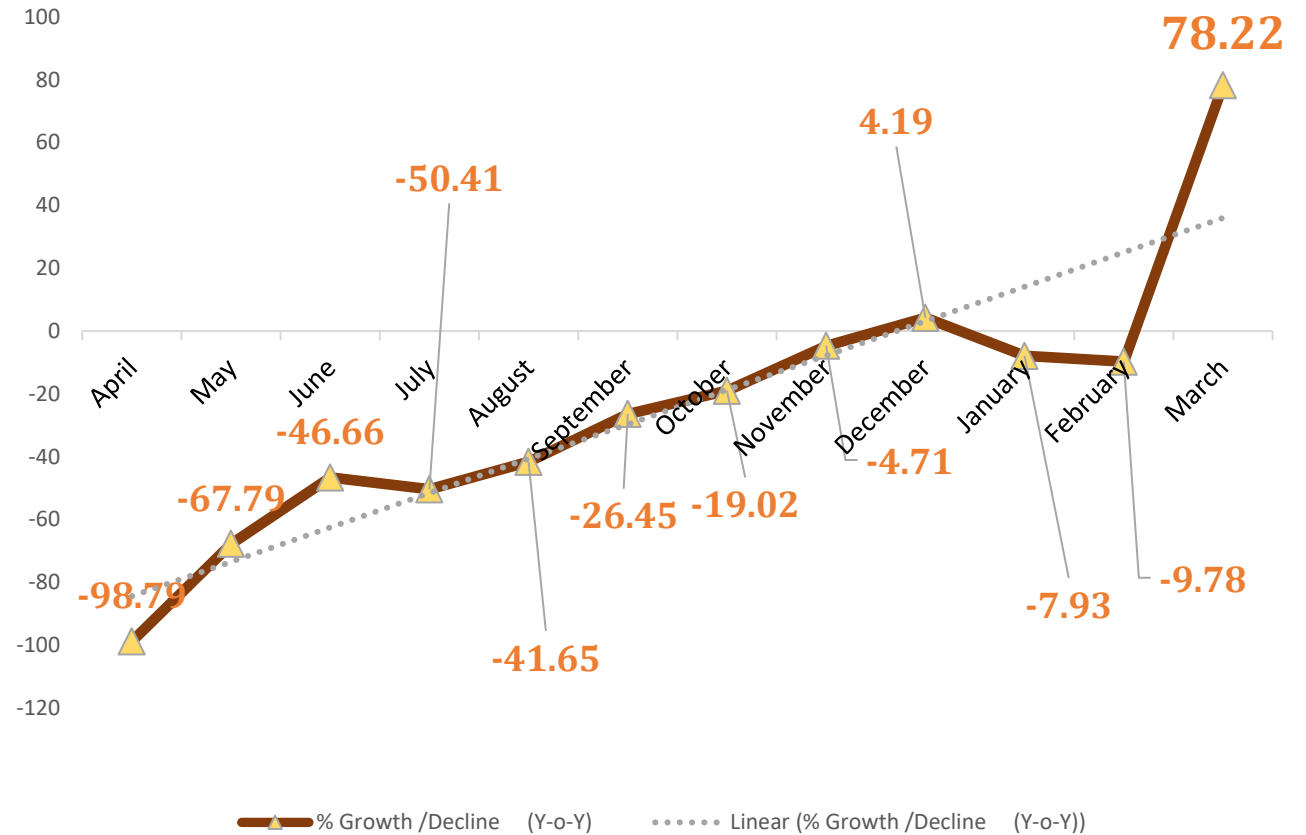
- ➔ During the FY2020-2021, exports of Gem and Jewellery exports are registered at US\$ 25.30 billion as compared to US\$ 35.37 billion during the same period previous year. With this, G&J exports recorded a decline of (-) 28.46% in FY 2020-2021 vis-à-vis a historically lowest growth of (-) 98.79% recorded in April 2020 due to the outbreak of Covid-19 in March 2020.
- ➔ During April 2020 – March 2021, Exports Growth of Cut & Polished Diamonds (-12.13 %), Coloured Gemstones (-41.71%) and Gold Jewellery (-59.49%) have witnessed a decline, while Exports growth of silver jewellery(38.61%), Polished lab grown diamonds (67.22%) and Platinum Jewellery (74.21%) have registered a rise.
- ➔ Imports of all commodities, rough diamonds, rough coloured gemstones , gold/silver bar declined during April 2020 – March 2021.
- ➔ Net exports from all regions have declined ranging from (-)7.8% to (-)48% during April 2020 – March 2021, while exports from Gujarat Region have witnessed a growth of 52.95% to US\$ 3632.64 million during the stated period.
- ➔ All SEZs have witnessed a declining growth rate except the Surat, Kolkata & Visakhapatnam SEZ which have registered a growth of 35.31%, 37.45% and 37.14%.
- ➔ If the proposed action of USTR under Section -301 i.e. raising tariff rates on the import of the gem and jewellery products upto 25% get implemented after the hearing process (going to end in May 2021), this would adversely impact gem and jewellery exports of around US\$46 million to US\$53 million and be an another set-back to one of the most labour-oriented and export sector of the country.

Gem & Jewellery Gross Exports April 2020 – March 2021 (P)

Export Growth in % Terms



Months	Gross Exports	Gross Exports	% Growth /Decline (Y-o-Y)
	2019- 2020 US\$bn	2020-20 21 US\$bn	
April	2.99	0.04	-98.79
May	3.30	1.06	-67.79
June	3.09	1.65	-46.66
July	3.05	1.51	-50.41
August	3.05	1.78	-41.65
September	3.42	2.51	-26.45
October	3.61	2.92	-19.02
November	2.68	2.55	-4.71
December	2.44	2.54	4.19
January	2.90	2.67	-7.93
February	2.93	2.64	-9.78
March	1.92	3.42	78.22
April to March	35.37	25.30	-28.46



In March 2021 , gem and jewellery exports rose sharply by (+) 78.22% to US\$3.42 billion from US\$1.92 billion in March 2020. This is majorly attributed to revival of demand for G&J products and low base effect as in the sector had started facing the repercussions of outbreak Covid-19 pandemic in March 2020.

Source : GJEPC Statistics Dept. Analysis

Notes: (p) = Provisional,

Gross exports means inclusive of return consignments

i) Figs from Aircargo Delhi January to March 2021 & Cochin Aircargo

February to March 2021 is not included

Gross Exports - January 2020 – March 2021

Months	Gross Exports	Gross Exports	% Growth /Decline (Y-o-Y)
	FY2019 US\$bn	FY2020 US\$bn	
January	3.27	2.97	-9.17
February	3.69	2.97	-19.37
March	3.44	1.97	-42.81
Jan to March	10.39	7.91	-23.92
Months	Gross Exports	Gross Exports	% Growth /Decline (Y-o-Y)
	FY2020 US\$bn	FY2021 US\$bn	
April	2.99	0.04	-98.79
May	3.30	1.06	-67.79
June	3.09	1.65	-46.66
July	3.05	1.51	-50.41
August	3.05	1.78	-41.65
September	3.42	2.51	-26.45
October	3.61	2.92	-19.02
November	2.68	2.55	-4.71
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February	2.93	2.64	-9.78
March	1.92	3.42	78.22
April to March	35.37	25.30	-28.46

Source : GJEPC Statistics Dept. Analysis

Notes: (p) = Provisional, Gross exports means inclusive of return consignments
 i) Figs from Aircargo Delhi January to March 2021 & Cochin Aircargo February to March 2021 is not included

Gem and Jewellery Exports after falling peak low by (-) 98.79% in April 2020 started rising & recorded a decline of (-) 28.46% in FY 2020-2021



Exports Growth in % Terms



Gem & Jewellery Imports April 2020 – March 2021

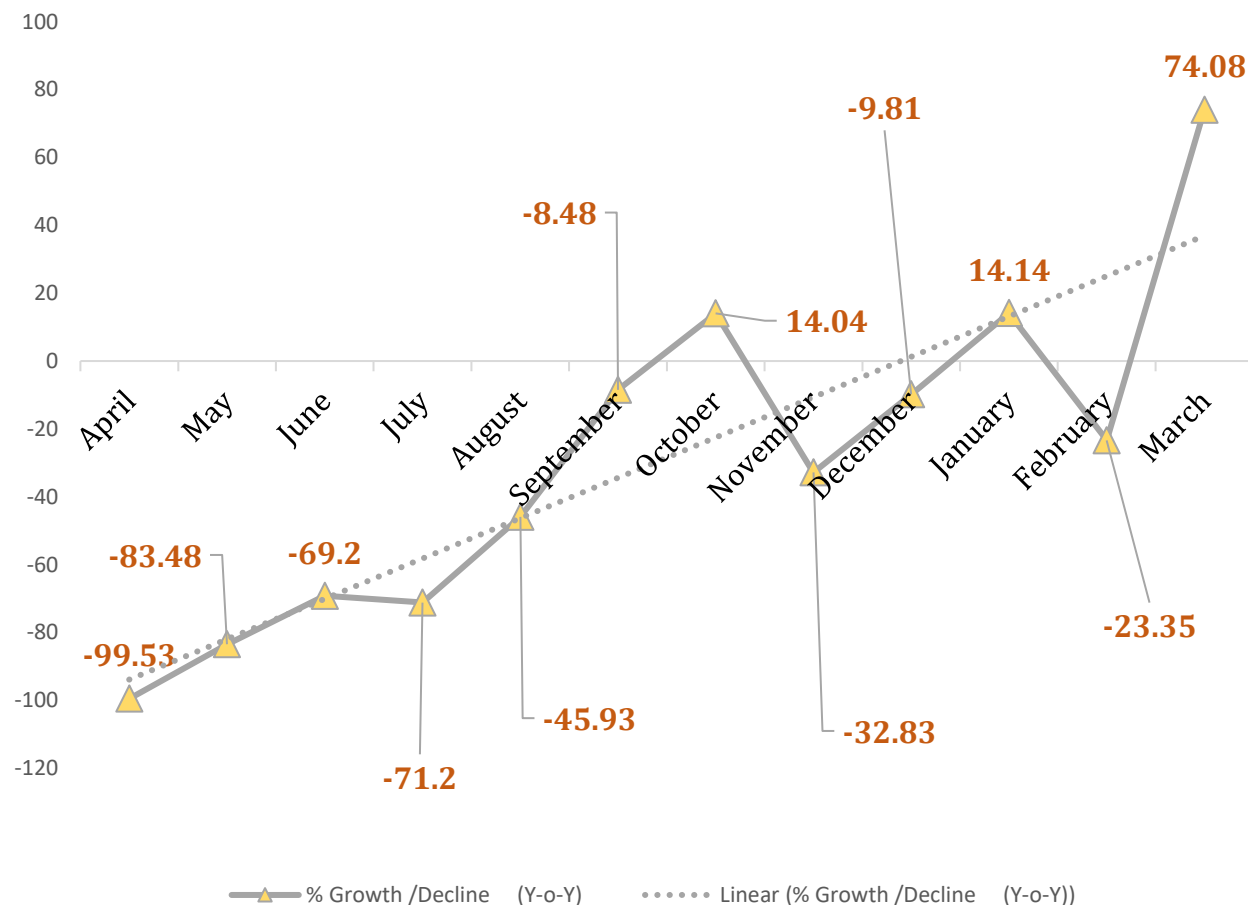
Months	Imports	Imports	% Growth /Decline (Y-o-Y)
	2019-2020 US\$bn	2020-2021 US\$bn	
April	2.29	0.01	-99.53
May	1.92	0.32	-83.48
June	1.95	0.60	-69.2
July	2.13	0.61	-71.2
August	1.83	0.99	-45.93
September	2.13	1.95	-8.48
October	1.78	2.03	14.04
November	2.22	1.49	-32.83
December	2.42	2.18	-9.81
January	1.65	1.88	14.14
February	2.74	2.10	-23.35
March	1.34	2.32	74.08
April to March	24.38	16.49	-32.36

Source : GJEPC Analysis

Notes: (p) = Provisional,

i) Figs for Gold Bar from MMTc, SBI, UBI & Bank of India March is not included

Import Growth in % Terms



In March 2021, imports of gem and jewellery grew by 74.08% to US\$ 2.32 billion as compared to US\$ 1.34 billion in March 2020. During April 2020 – March 2021, G&J Imports declined by (-)32.37 % y-o-y to US\$ 16.49 billion as compared to US\$ 24.38 billion registered during the same period previous year.

Gem & Jewellery Imports January 2020- March 2021

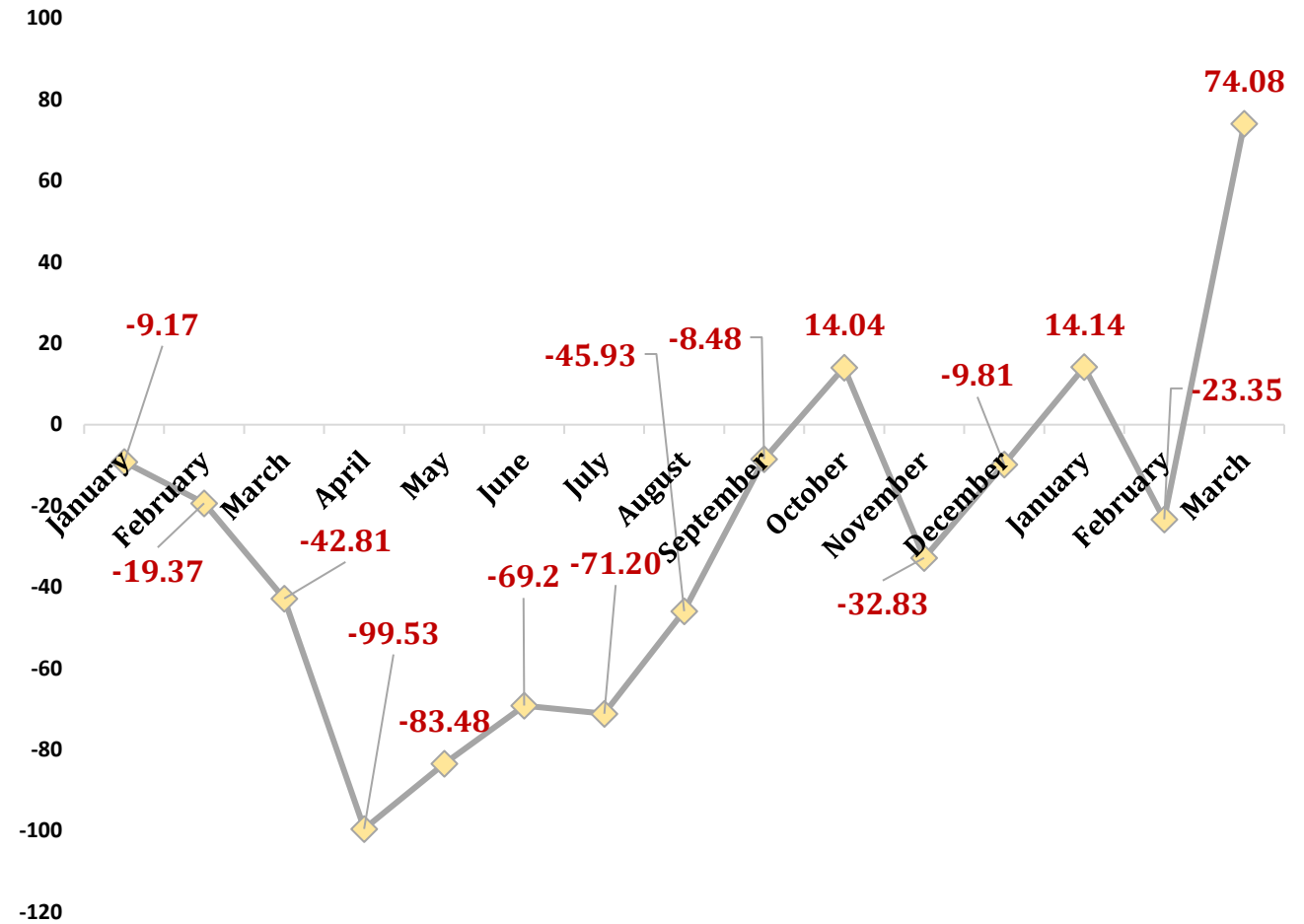
Months	Gross Imports		% Growth /Decline (Y-o-Y)
	FY2019 US\$bn	FY2020 US\$bn	
January	3.27	2.97	-9.17
February	3.69	2.97	-19.37
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	FY2020 US\$bn	FY2021 US\$bn	
April	2.29	0.01	-99.53
May	1.92	0.32	-83.48
June	1.95	0.60	-69.2
July	2.13	0.61	-71.20
August	1.83	0.99	-45.93
September	2.13	1.95	-8.48
October	1.78	2.03	14.04
November	2.22	1.49	-32.83
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April to March	24.38	16.49	-32.36

Source : GJEPC Analysis

Notes: (p) = Provisional,

i) Figs for Gold Bar from MMTC, SBI, UBI & Bank of India March is not included

Import Growth in % Terms



After the outbreak of Covid-19, imports of gem and jewellery declined sharply by (-) 99.6% , which later started rising in the following months in synch with the eventual resumption of production activities in the domestic as well as international economy.

Gem and Jewellery Gross vis-a-vis Net Exports - April 2020- March 2021

Exports	April 2019 to March 2020	April 2020 to March 2021	% Growth
	(US\$ in Million)	(US\$ in Million)	
Gross Exports (P)	35375.89	25307.76	-28.46
Return Consignment	6,522.70	4545.17	-30.32
Net Exports	28853.19	20762.59	-28.04

Source : GJEPC Statistics Dept. Analysis

Notes: (p) = Provisional, Gross exports means inclusive of return consignments

Gross exports declined by (-) 28.46% to US\$25.31billion in April 20-March 2021 from US\$35.37 billion same period last year

Net Exports declined by (-) 28.04% to US\$20.76 billion in April 20 –March 2021 from US\$28.85 billion same period last year

Commodity wise Exports- April 2020 – March 2021



Commodities	April 19 – March 2020	April 20 – March 2021 (P)	% Growth/decline
	(US\$mn)	(US\$mn)	(Y-o-Y)
Cut & Pol Diamonds	18,664.53	16,401.30	-12.13
Pol. Lab Grown Syn. Diamonds	421.09	704.15	67.22
Coloured Gemstones	320.41	186.75	-41.71
Pol. Synthetic Stone	0.86	0.91	5.39
Gold Jewellery	11,903.83	4,822.74	-59.49
Silver Jewellery	1,676.88	2,324.39	38.61
Platinum Jewellery	10.36	18.06	74.21
Imitation Jewellery	52.12	39.70	-23.83
Articles of Gold, Silver & others	389.59	82.87	-78.73
Others	1,936.22	726.89	-62.46
Gross Exports	35375.89	25307.76	-28.46
Return Consignment	6,522.70	4,545.17	-30.32
Net Exports	28,853.19	20,762.59	-28.04

During April 2020 – March 2021,

Exports Growth declined of :

Cut & Polished Diamonds (-12.13%)
Coloured Gemstones (-41.71%)
Gold Jewellery (-59.49%)

Exports Growth Increased of :

Silver Jewellery (38.61%)
Polished Lab Grown Diamonds(67.22%)
Platinum Jewellery (74.21%)

Source : Statistics Dept. GJEPC, Notes : (P) stands for provisional Gross Exports pertains to inclusive of return consignments , Net Exports pertains to exclusive of return consignments

i) Figs from Aircargo Delhi January to March 2021 & Cochin Aircargo February to March 2021 is not included

Commodity wise Imports – April 2020 – March 2021



Products	April 2019- March 2020	April 2020 – March 2021 (p)	% growth/decline (y-o-y)
	US\$ Mill	US\$ Mill	US\$ Mill
	Rough Diamonds	13,026.00	10,885.17
Rgh Lab Grown Diamonds	343.55	614.92	78.99
Rough Coloured Gemstones	250.05	176.02	-29.61
Rough Synthetic Stone	3.59	1.20	-66.45
Raw Pearls	11.27	0.44	-96.08
Gold Bar	7,823.81	1,503.57	-80.78
Silver Bar	40.71	41.19	1.17
Platinum Bar	158.78	91.98	-42.07
Sub - Total	21657.76	13314.48	-38.52
Imports of Cut & Pol. Diamonds	1,713.02	2,179.26	27.22
Pol. Lab Grown Diamonds	98.09	38.48	-60.76
Col. Gemstones	527.68	570.40	8.1
Pol. Synthetic Stone	13.25	1.44	-89.11
Pearls worked	6.46	1.52	-76.42
Gold Jewellery	286.85	262.25	-8.57
Silver Jewellery	66.82	24.11	-63.92
Imitation Jewellery	1.65	1.99	20.58
Others	10.89	99.25	811.19
Sub - Total	2724.70	3178.70	16.66
Gross Imports	24,382.46	16,493.18	-32.36

Imports of all commodities rough diamonds, rough lab grown diamonds, rough coloured gem stones , gold/silver bar declined during April 2020 –March 2021

Overall imports of gem and jewellery products declined by (-)32.36% to US\$16493.18 million as compared to US\$24382.46 million.

This is an indication of the contracted manufacturing activities and demand of the gem and jewellery products in the country.

GJEPC Region-wise Growth/Decline in Net Exports

Region	Net Exports (April 2019 to March 2020)	Net Exports (April 2020 to March 2021)	% Growth / Decline
	US\$ Million	US\$ Million	
Western Region	16824.19	14397.75	-14.42
Southern Region	784.21	658.82	-15.99
Rajasthan Region	581.16	535.84	-7.8
Gujarat Region	2375.08	3632.64	52.95
Northern Region	1713.14	884.22	-48.39
Eastern Region	571.41	390.55	-31.65
Total	22849.19	20499.82	-10.28

Source : GJEPC Statistics Dept. Analysis

Net exports pertains to exclusive of return consignments and Cochin & Hyderabad SEZ
Northern Region Exports does not include Air Cargo exports from Jan-March 2021.

Net exports from all regions have declined ranging from (-)7.8% to (-)48% during April 2020 – March 2021, while exports from Gujarat Region have witnessed a growth of 52.95% to US\$ 3632.64 million during the stated period.

Gem & Jewellery Port-wise Net Exports : SEZ

SEZ	April 2019 to March 2020 US\$ Million	April 2020 to March 2021 US\$ Million	% Growth / Decline
Seepz	2,064.94	2,038.77	-1.27
Surat SEZ	1,612.88	2,182.43	35.31
Jaipur SEZ	193.17	187.36	-3
Delhi SEZ	355.23	184.42	-48.08
Kolkata SEZ	52.54	72.21	37.45
Visakhapatnam SEZ	14.58	19.99	37.14
Hyderabad SEZ	3.47	0.00	-100
Chennai SEZ	1.99	1.07	-46.11
Cochin SEZ	6,219.84	267.13	-95.71
Total	10518.63	4953.39	-52.91

Source : GJEPC Statistics Dept. Analysis

All SEZs have witnessed a declining growth rate except the Surat, Kolkata & Visakhapatnam SEZ which have registered a growth of 35.31%, 37.45% and 37.14%.

Net Gem and Jewellery Exports from SEZs declined by around (-) 52.91% to US\$ 4953.39 million during April-March 2021 from US\$ 10518.63 million in April-March 2020



Key Featured Slides...

USTR Proposed Section 301 to levy tariffs upto 25%

&

Implications on India's G&J Exports to USA....

1. About Section -301 , Indian Digital Sales Tax (DST) Report and Proposal of levying tariff upto 25% by USTR

- ✓ India has adopted a Digital Sales Tax (2% equalisation levy) on revenue generated from a broad range of digital services offered in India , including digital platform services , digital content sales , digital sales of a company's own goods, data related services , software –as-a-service and other categories of digital services . India' DST only applies to “non-resident” companies.
- ✓ On June 2 , 2020 USTR initiated an investigation of India's Digital Sales Tax(DST) pertaining to discrimination against US Companies ; retroactivity and possibly unreasonable tax policy.
- ✓ On January 6, 2021 based on the information obtained during the investigation and the advice of the Section-301 committee , USTR determined that India's DST is unreasonable or discriminatory and burdens or restricts US Commerce. Section 301 authorizes the USTR to impose duties on the goods of the foreign country subject to investigation.
- ✓ Now as per this, USA has proposed retaliatory tariffs upto 25% on select Indian products including Gem & Jewellery for 2% equalisation levy being levied by Indian Government that would collect duties on goods of India in the range of the amount of DST that India is expected to collect from U.S. companies. Initial estimates indicate that the value of the DST payable by U.S.-based company groups to India will be up to approximately \$55 million per year.
- ✓ We understand that the USTR has proposed such stringent action after conducting a detailed investigation in response to imposition of 2% Digital Services Tax (DST) which states that the DST is discriminatory because it applies only to non-Indian digital services providers and targets digital services, but not similar services provided non-digitally and so on.
- ✓ At the same time from India's perspective the GJEPC understands that Indian digital services providers are already subject to tax in India and framing international taxation laws for digital economy as multilateral solution at the level of OECD has prolonged which must have resulted in adopting DST as an interim measure to cope with taxing the offshore digital service providers.
- ✓ Due to the above situation, the USTR has listed specific products to be subjected to increased duties , including whether the tariff subheading listed should be retained or removed or whether tariff subheading not currently on the list should be added.

2. Seventeen (17) Gem & Jewellery products are in the proposed list of products subject to increased duties

It is to mention that the 17 products are related to Chapter-71 (Gems and Jewellery) (Refer Table-1) which are in the list of total 42 proposed products subject to increased duties so as to offset the amount of duties collected by India from US non-resident digital companies.

**Table -1 USA Imports of Products from India
(Listed in the Proposed Action in Section 301 Investigation Docket)**

S.No.	HTS US Sub Heading	Product Description	2020 (US\$million)	2019 (US\$Million)	Duty	Rate Description
1	7101.22.30	Cultured pearls, worked, graded and temporarily strung for convenience of transport	0.00	0.06	Free	MFN Applied
2	7101.22.60	Cultured pearls, worked, not strung, mounted or set	0.06	0.11	Free	MFN Applied
3	7103.99.50	Precious or semiprecious stones, nesoi, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mtd. or set	3.00	2.08	10.50%	MFN Applied
4	7104.90.50	Synth. or reconstruct. precious or semiprecious stones, wkd, whether or not graded, but n/strung (ex. ungraded temp. strung), mtd./set, nesoi	1.54	0.63	6.40%	MFN Applied
5	7106.10.00	Silver powder	0.27	0.03	Free	MFN Applied
6	7113.11.20	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts	5.46	8.36	13.50%	MFN Applied
7	7113.19.21	Gold rope necklaces and neck chains	11.33	11.5	5.00%	MFN Applied
8	7113.19.25	Gold mixed link necklaces and neck chains	6.07	4.71	5.80%	MFN Applied
9	7113.20.25	Base metal clad w/gold mixed link necklaces and neck chains	0.77	1.59	5.80%	MFN Applied
10	7113.20.50	Base metal clad w/precious metal articles of jewelry and parts thereof, nesoi	0.61	2.38	5.20%	MFN Applied
11	7114.20.00	Goldsmiths' or silversmiths' wares of base metal clad with precious metal	0.03	0.15	3.00%	MFN Applied
12	7116.20.05	Jewelry articles of precious or semiprecious stones, valued not over \$40 per piece	9.38	9.18	3.30%	MFN Applied
13	7116.20.15	Jewelry articles of precious or semiprecious stones, valued over \$40 per piece	2.61	5.48	6.50%	MFN Applied
14	7116.20.30	Semiprecious stones (except rock crystal), graded and strung temporarily for convenience of transport	0.41	1.77	2.10%	MFN Applied
15	7116.20.35	Semiprecious stone (except rock crystal) figurines	0.46	0.4	4.50%	MFN Applied
16	7116.20.40	Semiprecious stone (except rock crystal) articles (other than jewelry and figurines)	2.66	3	10.50%	MFN Applied
17	7116.20.50	Precious stone articles, nesoi	2.06	1.91	Free	MFN Applied
	USA Imports from India (US\$million)		46.72	53.34		

3. USTR Proposed Action and another Setback to India Gem and Jewellery Sector

USA is India's major export market for gem and jewellery products. Exports of around US\$9.3 billion goes to the USA market accounting for 25.6% of the total gem and jewellery exports of US\$36 billion from the country.

Table- 2 USA is India's 3rd Largest Export Partner for G&J Products : 2019-2020

Rank	Countries	Exports (US\$million)	% share
1	Hong Kong	9.52	26.3%
2	UAE	9.43	26.1%
3	USA	9.26	25.6%

Source : DGCIS

*It is to strongly mention that if the proposed action in terms of raising tariff rates on the import of the above stated gem and jewellery products get implemented after the hearing process which is going to end in May 2021, **this would adversely impact gem and jewellery exports of around US\$46 million to US\$53 million** and be an another set-back to one of the most labour-oriented and export sector of the country.*

Prior to this, over the last decade due to the stringent policy changes by the USA Government towards Indian gem and jewellery sector **in the following terms**: the sector has already been facing its repercussions in a way of a) declined exports of the key jewellery products b) declined % share in USA imports of gem and jewellery products c) Shift of India's businesses to its competitors including Turkey, Thailand, Singapore etc.

4. GJEPC strong request to devise a prudent solution to safeguard the Sectors under proposed action list including gem and jewellery sector

As, this is due to the absence of the standard international taxation mechanism for digital global economy and prolonged work by the OECD in this direction , therefore the GJEPC strongly request the Government to have dialogue with the USA for devising a prudent solution to address the concerns of the USA companies while fulfilling the objective of Government of India. Consensus through dialogues or negotiations over the USA and India concerns would safeguard the various sectors from being adversely affected due to the imposition of the proposed tariffs by the USA which would be an unfair action by the State as the tax challenges posed by the digital economy is not an India versus USA problem, it is a global problem.

5. Furnish your comments to the USTR w.r.t Section 301

Before its implementation, USTR has invited comments from interested persons with respect to whether action is appropriate, and if so, the appropriate action to be taken. You may submit your comments at USTR website. **Following are the steps to submit the comments at USTR**



Step 1 : Click link <https://comments.ustr.gov/s/>

Step 2 : Choose India block :

Comments Concerning Proposed Action in Section 301 Investigation of India's Digital Services Tax

Status:

The public docket for submitting comments opened on March 31, 2021.
The deadline for submitting comments is April 30, 2021.

 Access Public Docket
 Submit Comment

Step 3 : In public docket, comments are invited Public docket:
<https://comments.ustr.gov/s/docket?docketNumber=USTR-2021-0003>

Step 4 : For submitting comments : Click the button and furnish your information and upload your comments.

Thanks