

India Global Connect

Business Networking Meet

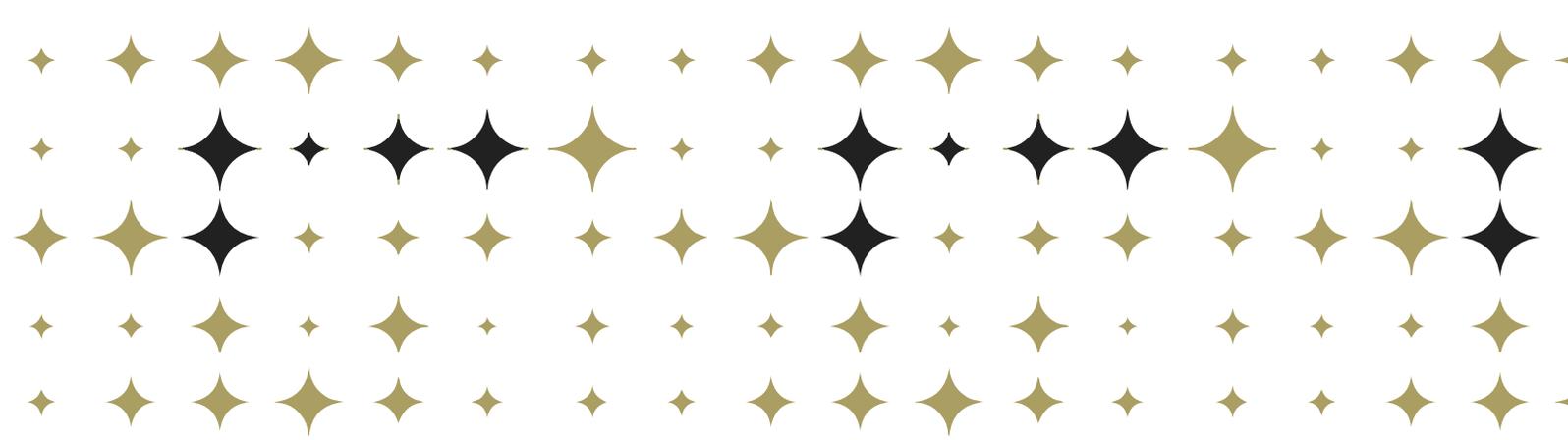
India - Malaysia

JUNE 2022

...Collaboration Possibilities

Prepared by

The Gem and Jewellery Export Promotion Council (GJEPC)

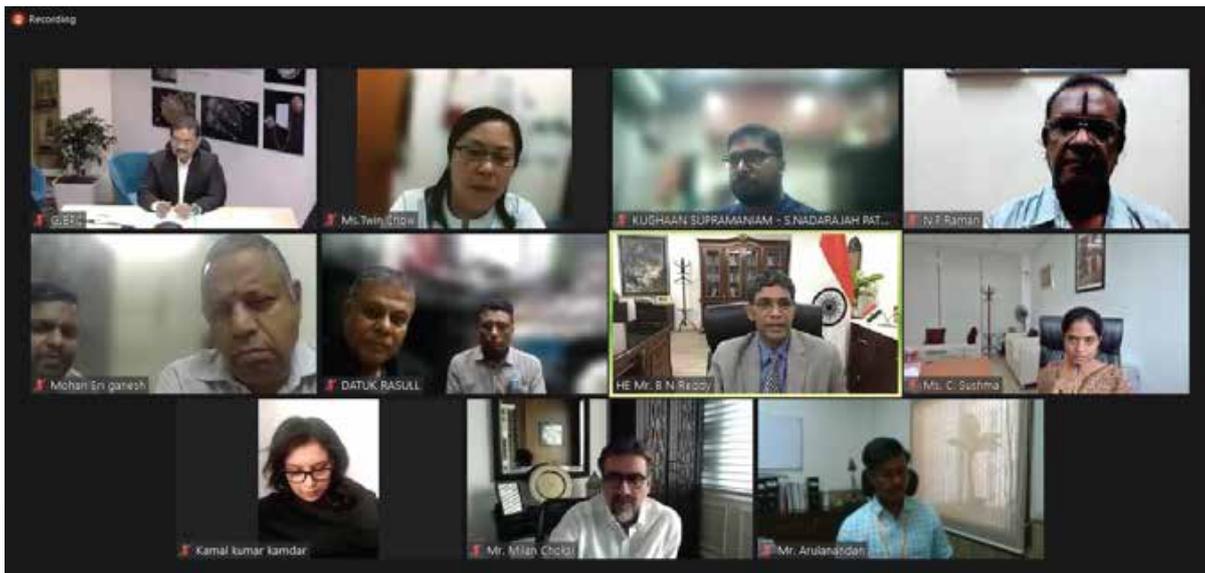


India Global Connect Business Networking Meet – India- Malaysia 2nd June 2022, Time- 2:00 P.M IST

India Global Connect is one of the virtual initiatives which has commenced by the GJEPC for exploring trade opportunities and strengthening trade relations with various countries across the world.

India-Malaysia Global Connect-Business Networking Meet has been organized to enable the stakeholders from both countries to understand the business and economic scenarios and consumers' preferences towards the gem and jewellery of both countries.

India- Malaysia Global Connect is the 16th Business Networking Meet that the GJEPC has organised after the successful meetings with the UK, Switzerland, Colombia, Angola, Oman, Singapore, Morocco, Saudi Arabia, UAE, Hong Kong, Qatar, Thailand, Lebanon and Egypt and Malaysia since 2020. This is also the 2nd India Global Connect meet with Malaysia as a follow up to the 14th of February meeting held this year.



Screen Shot of Meeting held on 2nd June 2022



Key Participants

H.E Mr B.N Reddy	High Commissioner
Mr. Arulanandan	Director, EP(G&J) Section ,MoC&I
Ms. C. Sushma	First Secretary (Commerce and Education)

Panelists from Malaysia

Mr. Mohan R Subramaniam	Sri Ganesh Jewellery & Gem Corner (M) Sdn Bhd
Mr. Pang Ann Puo	Kwong Cheong Loong (Klg) Sdn Bhd
Datuk Haji Abdul Rasull bin Abdul Razak	Abdul Razak Jewellers Sdn Bhd
Mr. Rasool	Malaysian South Indian Association
Mr. Junaid Osman	Tassar Trading Sdn Bhd
Mr. Kamal Kumar Kamdar	KLISSCI
Ms. Twin Chow	Dickson Jewellery
Mr. Kughaan Supramaniam	S. Nadarajah Pather & Son Jewellery & Gems
Mr. Rabinthir Kaur A/P Gurdev Singh	Mutiara Maju JM Trading
Mr. Bala	
Mr. NP Raman	
Datuk Mohamed Sirajudeen B Mohamed Salahudeen"	S.M.S Deen Jewellers Sdn Bhd
Sasitaran Sundram	Dubai Jewellers Sdn Bhd

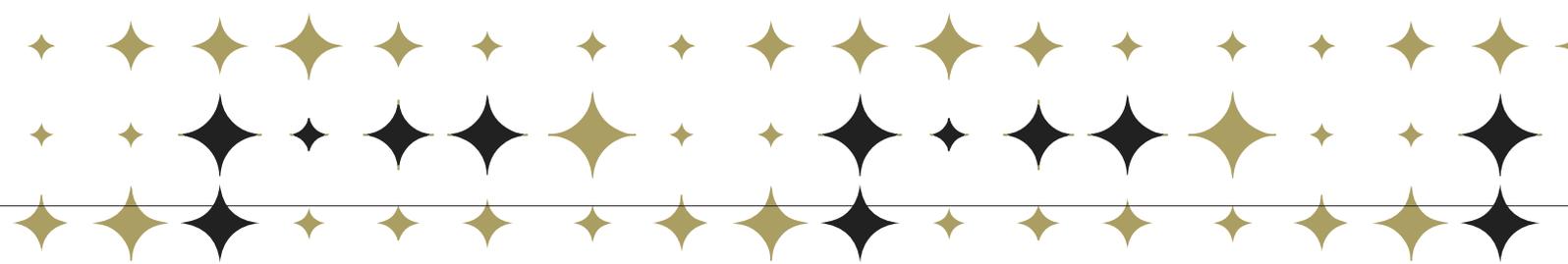
Panelists from India

Mr. Milan Chowksi	Convener, PM&DB
Mr. Ramesh Lodha	Lodha Impex
Mr. Anish Birawat	Chain -N - Chains
Mr. Mansukh Kothari	Vasupati Jewellers
Mr Sabyasachi Ray	ED, GJEPC (Moderator)

Mr. B.N. Reddy said, “The webinar has helped us take stock of the current scenario and explore avenues for further growth. The pandemic hasn’t lowered our spirits and the India-Malaysia trade has recorded growth to USD 19.4 bn that is 34% more than the previous year. The country has shown a healthy recovery as the economy has grown by 3.1% since last year, largely by domestic consumption. The volume of trade has progressed well, and these numbers are very encouraging. The G&J component of the trade has done well with USD 118 million in value last year, which is an 8% increase compared to the previous year. We are superseding our expectations in the gold jewellery, but we feel that the potential in the diamond trade is yet to be explored. We have aimed to achieve a collective target of exports worth USD 150 million for this year and I am confident that we would be able to inch towards this target sooner than expected. We must also explore how to purchase diamonds from India directly which are currently sourced from Hong Kong.”

Mr. Arulanandan, Director, Ministry of Commerce & Industry, Govt. of India said, “The export trade from India touched USD 5-7 billion and imports to USD 10-12 billion which constitutes a healthy bilateral trade of USD 19 billion. Of this, our gem and jewellery trade accounts for more than USD 100 million and our aim is to take it forward to USD 150 million in the next year. The bilateral trade constitutes of 87% of gold jewellery alone, followed by silver and polished diamonds. Currently, the trade is routed through Hong Kong and this needs to be rerouted through India keeping in mind the historical friendly relations and bilateral agreements between both countries. In terms of lab-grown diamonds, we feel that India’s strength in natural diamond sector acts as an added advantage along with our highly skilled manpower and our entrepreneurship zeal. We are looking at ways in which the Government can facilitate this natural connect and help unleash more potential than what this vertical already possesses.”

Mr. Sabyasachi Ray, Executive Director, GJEPC said, “This year marks the 65th year of India-Malaysia relations and 30 years of association with ASEAN nations. I take this opportunity to compliment the relentless efforts of all the Malaysian high commissioner in setting a more forward-looking approach for both the countries in terms of trade and ties. In terms of gem and jewellery trade, our aim is to achieve USD 150 million by 2023, and I am hopeful that with the constant support of all of you we would be able to achieve this.”



India - Malaysia Gems and Jewellery Trade: A Brief Glance

India -Malaysia’s total bilateral trade in 2021-22 stood at US\$ 19.2 billion. Malaysia is the 15th largest trading partner for India while India figures among the ten largest trading partners for Malaysia. India’s major export commodities to Malaysia include Mineral fuels, Aluminium, and articles thereof, meat and edible meat offal, organic chemicals, nuclear reactors, boilers, machinery, cereals and zinc and articles.

Animals or vegetable fats and oils, mineral fuels, electrical machinery & equipment, nuclear reactors, organic chemicals, rubber and articles, plastics and articles, iron, steel, aluminium, and articles are the key commodities imported by India from Malaysia

India -Malaysia bilateral trade pertaining to the gems and jewellery trade has increased significantly over the period of five years. Gems and jewellery trade increased from US\$ 58 million in 2017-18 to around US\$ 118 million in 2021-22. The total G&J trade between the two countries doubled to US\$ 117 million in 2021-2022 as compared to US\$ 59.19 million registered last year. (Refer Table 1)

Table 1: India- Malaysia Gems and Jewellery Trade (Chapter - 71)

Year	Exports (US\$ mn)	Imports (US\$ mn)	Total Trade (US\$ mn)
2016-17	27.90	1.08	28.98
2017-18	56.99	1.01	58
2018-19	79.77	19.11	98.88
2019-20	86.43	11.36	97.79
2020-21	59.19	50.16	109.35
2021-2022	117.49	0.54	118.03

Source: DGCI&S



India’s Export basket to Malaysia (2021-22)

Gold Jewellery is the major commodity which is exported to Malaysia accounting for 87 % of India’s total exports of gems and jewellery commodities to the country in 2021-22. Cut and polished diamonds, Imitation Jewellery and silver jewellery are the other commodities that are exported from India to Malaysia (Table 2)

Table 2 - India’s exports of gems and jewellery commodities to Malaysia 2021-22

Commodity	Amount (US \$ million)
Gold Jewellery	Lodha Impex
Cut & Polished diamonds	Chain -N - Chains
Silver Jewellery	Vasupati Jewellers
Imitation Jewellery	ED, GJEPC (Moderator)

Source: DGCIS



Malaysia's key gems and jewellery imports from the World and India- 2020

Malaysia's total imports of gems and jewellery commodities from the world are valued at US \$ 3.76 billion which majorly consist of gold jewellery, cut and polished diamonds, imitation jewellery, silver jewellery and coloured gemstones in 2020. (Refer table 3)

The share of India in Malaysia's total imports of gems and jewellery commodities stood at 1.5 % and the country is one of the major sourcing partners for gold jewellery and cut and polished diamonds for Malaysia in 2020

Table 3: Malaysia Key G&J imports from World and India - 2020

HS Code	Commodity Description	Malaysia Imports from World (US\$mn)	Malaysia Imports from India (US\$mn)	India's % share in Malaysia Imports & rank
71	Gems & Jewellery	3760.52	57.08	1.5% & 9 th rank
711319	Gold Jewellery (Plain +Studded)	364.32	41.55	11.4% & 5 th rank
710239	Cut & polished diamonds	45.7	9.46	20.7% & 2 nd rank
7117	Imitation jewellery	26.7	1.16	4.4% & 6 th rank
711311	Silver jewellery	15.19	3.3	21.8% & 2 nd rank
710399	Precious & semi-precious stones, worked	3.75	0.054	1.4% & 6 th rank
710391	Rubies, Sapphires & Emeralds	15.19	3.3	21.8% & 2 nd rank

Source: GJEPC analysis based on UN Comtrade Data,2020

India - ASEAN gems and jewellery trade with special reference to Malaysia - 2021-22

This section includes the gems and jewellery trade of India with the ASEAN region with special reference to Malaysia which is a part of the said region. It has been observed that Thailand, with a 58 % share, is India’s largest export partner within the ASEAN region. Malaysia with around 6 % share is India’s 3rd largest export partner within the ASEAN region with an export value of US\$ 117.49 million in 2021-22. Singapore, Vietnam, and Indonesia are the other significant export destinations of India’s gems and jewellery commodities. (Table 4)

Table 4: India’s Gem & Jewellery Exports within ASEAN region - 2021-22

Region	2021-22 (US\$ mn)	% Share
Thailand	1163.97	57.88
Singapore	690.68	34.35
Malaysia	117.49	5.84
Indonesia	21.49	1.07
Vietnam	16.85	0.84
Cambodia	0.27	0.01
Philippines	0.04	0.00
Myanmar	0.03	0.00
Brunei	0.01	0.00
Laos	0	0
Total	2010.84	100

Source: DGCIS

India Global Connect – Interactions and Key Take Away

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

Overview of the Malaysian G&J market and the impact of pandemic

The Malaysian gems and jewellery industry has witnessed a significant recovery post-covid-19 and consumers have realized the importance of gold as a liquid investment after the drastic impact of the pandemic on their incomes and spending power. Malaysians prefer yellow gold and diamond jewellery from countries such as India and Hong Kong. The Malaysian gems and jewellery market has grown exponentially coupled with a rise in retail chain stores from 30 to 65 in the country over a decade. There has been a huge demand for Indian gems and jewellery commodities in Malaysia, especially for 22 karat gold jewellery. Light weight yellow gold jewellery that weighs below 40 grams are the most sellable gems and jewellery commodities in Malaysia as compared to jewellery that weighs between 40 to 150 grams. Overall, there are 150 gem and Jewellery shops operating in Malaysia. There is also a significant presence of major Indian retail gems and jewellery stores such as Malabar gold and Joylukkass.

The domestic consumption of gems and jewellery commodities in Malaysia has returned to pre-pandemic levels and the industry has recovered all losses incurred during the pandemic in 2020. Malaysia exports gems and jewellery commodities to a large number of countries such as India, the Middle East, Korea, Thailand, Turkey, and Vietnam that has a substantial demand for the commodities. Malaysian population is quite diverse and consists of three major races namely Malay, Chinese and Indians.

Malaysia is a multi-ranged market that provides a wide variety of designs of gold jewellery and coloured gemstones and has a significant presence of luxury brands.

Key points

- ◆ Malaysians majorly prefer light weight gold jewellery especially 22 karat gold jewellery and diamond jewellery
- ◆ The Malaysian G&J market has recovered well post covid-19 with a return to pre-pandemic level consumption
- ◆ The retail gems and jewellery stores in Malaysia have grown substantially
- ◆ There is substantial demand for Indian gems and jewellery commodities in Malaysia

G&J Issues /Challenges

There are certain issues that are inhibiting gems and jewellery trade between the two countries. There are a large number of companies that employ Indian artisans and workers for manufacturing gems and jewellery commodities that cater to the preferences of the Indian diaspora in the country. However, foreign workers are not permitted to work in the country leading to a shortage of labour.

There are many small /middle-income jewellery retailers in Malaysia who are unable to source jewellery products from India below 5 kilos due to quantitative restrictions. The sellers also charge different types of expenses that increase the cost of the products for these jewellers. There can also be a provision for sending unfinished jewellery products to Malaysia for further processing which can be sold in the Malaysian market by setting up manufacturing plants /units. There is a need to create a provision for the creation of a one-stop points through associations where collaborative shipping can take place to purchase large volumes of jewellery consignments for the small retailers.

The delivery of diamond jewellery from India takes around 7-10 days with no provision of hand carriage facilities unlike other counties such as Hong Kong where the delivery time is around 3 days.

There are a large number of gems and jewellery retail stores that have been set up in Malaysia. There is a need to address certain issues related to limitations in the quantity of gems and jewellery commodities that can be sourced from India as there is a large demand for Indian products in the Malaysian market. The resolution of these accessibility issues can lead to an increase in the volume of trade and boost bilateral trade between the two countries

There are certain restrictions imposed on the services sector due to which Malaysian jewellers are facing shortages of skilled goldsmiths and sales person from India which in turn is inhibiting gems and jewellery trade in the country. The issue needs to be resolved in consultation with the Indian high commission.

Key points

- ◆ There is a need to address certain issues related to limitations in the quantity which inhibits small retailers to purchase Indian gems and jewellery commodities
- ◆ There is a need to resolve pertaining to shortage of Indian workers engaged in the gems and jewellery sector in Malaysia
- ◆ The ease of doing business in terms of delivery time needs to be improved in comparison to other countries
- ◆ There is a lack of direct exports to Malaysia

Collaboration possibilities

India jewellery exposition centre (IJEX) has been opened by the council in UAE to source Indian jewellery in Dubai. A similar display centre could be opened in Malaysia to enhance bilateral trade between the two countries. There is a need to organize gems and jewellery trade exhibitions, fairs and events in Malaysia and Singapore as well as focused buyer-seller meetings to increase engagement between the two countries.

India has signed a comprehensive economic partnership agreement with UAE and an Economic Cooperation and Trade Agreement (ECTA) with Australia which has been possible due to increased engagement between these countries and business delegation visits. Bilateral agreements are working more effectively than multilateral agreements.

The council is planning a large number of gems and jewellery events in 2021-22 namely IJS premiere 2022, IGJS Dubai, and IJS Signature, among others to promote Indian gems and jewellery products. There is a need to engage on a deeper level between the countries by devising a strategy for cooperation and increasing understanding of each other's gems and jewellery market through the support of the associations. This can be achieved through delegation visits by Malaysian jewellers to Indian factories, manufacturing units and events to understand the infrastructure and varied gems and jewellery products that India offers.

There is a need to increase direct exports of Indian gems and jewellery commodities in Malaysia. There is a lack of direct Indian suppliers of gems and jewellery commodities in the country from which Malaysian jewellers can directly source their requirements. This inhibits accessibility of the products in the market and leads to a rise in the cost of production. Thus, there is a need to establish a direct connection between the two countries as there is substantial demand for Indian gems and jewellery commodities in the market.

There are no challenges in the shipping of small parcels of gems and jewellery commodities from India and the shipping charges, especially for gold jewellery are also nominal. The hand carriage facilities of gems and jewellery commodities are also likely to be resumed in India which will improve access of the commodities in the country. However, there is a need to understand deeply the issues faced by the Malaysian side through a direct one to one session to discuss how to facilitate better ease of doing business similar to countries like Singapore, Hong Kong and Dubai which are the major sourcing countries of Malaysia.

Indian manufacturers can set up retail stores and manufacturing units in Malaysia to ensure direct sourcing of gems and jewellery commodities in Malaysia. The two gems and jewellery associations can collaborate and organize monthly /quarterly /annual events to promote each other gems and jewellery commodities. This would not only help both the countries in understanding each other's markets but also enhance bilateral trade between the two countries. Tourism is a big source of income, employment and foreign exchange earnings in the country and there has been a rise in tourist buyers of gems and jewellery commodities.

There is a possibility of collaboration between the two countries in terms of setting up gems and jewellery labs in Malaysia as there are currently no laboratories in the country. The Indian side can guide the Malaysian side to private laboratories for setting up laboratories in Malaysia.

Key points

- ◆ There is a possibility of collaboration between the two countries in terms of setting up gems and jewellery labs in Malaysia
- ◆ There is a need to organize monthly /quarterly /annual events to promote each other gems and jewellery commodities and increase engagement
- ◆ There is a need to increase engagement between the two countries by conducting annual/monthly/quarterly meetings, interactions and inviting delegations to understand market needs of the countries and promote each other gems and jewellery commodities
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- ◆ A separate BSMs, events and exhibitions can be organised in Malaysia to increase bilateral trade
- ◆ An exhibition centre along the lines of The India Jewellery Exposition (IJEX) centre in Dubai can be set up in Malaysia



Conclusions

Mr. Ray 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.

- ◆ Malaysians majorly prefer light weight gold jewellery especially 22 karat gold jewellery and diamond jewellery
- ◆ The Malaysian G&J market has recovered well post covid-19 with a return to pre-pandemic level consumption
- ◆ The retail gems and jewellery stores in Malaysia have grown substantially
- ◆ There is substantial demand for Indian gems and jewellery commodities in Malaysia
- ◆ There is a need to address certain issues related to limitations in the quantity which inhibits small retailers to purchase Indian gems and jewellery commodities
- ◆ There is a need to resolve pertaining to shortage of Indian workers engaged in the gems and jewellery sector in Malaysia
- ◆ The ease of doing business in terms of delivery time needs to be improved in comparison to other countries
- ◆ There is a lack of direct exports to Malaysia

Collaboration Possibilities

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- ◆ Tourism is a big source of income, employment and foreign exchange earnings in the country and there has been a rise in tourist buyers of gems and jewellery commodities
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- ◆ An exhibition centre along the lines of The India Jewellery Exposition (IJEX) centre in Dubai can be set up in Malaysia



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