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THE GEMS AND JEWELRY INDUSTRY OF U.S.A.: INDIA

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ABSTRACT

Gems and Jewelry Export firm is highly profitable and is growing significantly. The reduction and subsequent removal of export and import barriers have further supported exports and contributed towards a stronger performance. Many initiatives by various councils engaged in the standardization and promotion of the Indian gems and jewelry also promise to enhance the profitability of the exports. The U.S.A has been the largest importer of Gems and Jewelry for a long time and accounts for more than 18% of world Diamond imports. Hence the market to which the Gems and Jewelry exports are to be catered is the U.S.A.

KEYWORDS: Gems, Jewelry, Export, India, U.S.A.



INTRODUCTION: U.S.A. DOMESTIC JEWELRY TRENDS

The U.S. Jewelry industry consists of a large number of relatively small companies that produce precious metal jewelry and costume jewelry. There are approximately 2,200 precious metal jewelry manufacturers and 900 costume jewelry manufacturers. The industry is concentrated in the north-eastern United States. New York and Rhode Island account for nearly half of precious metal jewelry shipments and two-thirds of costume jewelry shipments. In recent years, the industry has faced many challenges,

including consolidation among retailers through the growth of retail chains, catalog showrooms, and TV home shopping networks; a decline in the number of wholesalers; reduced tariffs; increased imports; expanding jewelry industries in developing countries; and increased competition in third country markets. Over the past few decades, import penetration increased from 14 to 54 percent of domestic consumption of precious metal jewelry while import penetration for costume jewelry increased from 14 to 37 percent. The jewelry companies most

threatened by imports are those producing low-end, labour intensive products whose production often cannot be economically automated or otherwise improved. Costume jewelry manufacturers continue to be under particularly heavy import pressure from Asian manufacturers. The leading foreign suppliers of precious metal jewelry to the United States are Italy, India, Hong Kong, Thailand and Israel, while the leading suppliers of costume jewelry are China, South Korea, Taiwan, Hong Kong and Thailand. Several developing countries like India, Turkey, China and Oman have substantially increased their shipments of precious metal jewelry to the United States. These countries all benefit from low labour costs.

JEWELRY INDUSTRY GROWTH

Several long-term factors affecting the U.S. industry over the next few years are favorable.

- The total population is expected to increase about 0.8 percent per year.
- The age group that purchases the most jewelry per person is the 45 to 54 year old group, which spends about \$209 per person on jewelry annually. This group is expected to increase about 2.4 percent annually over the next 5 years.
- The proportion of women participating in the labour force is expected to increase nearly 1 percent during this period.
- Women are purchasing more jewelry for them every year.
- In addition, real disposable income is expected to increase over 2 percent per year because of improved labour productivity.

U.S. POLICIES ON GEMS AND JEWELRY TRADE

Most of the Gem categories enter the United States free of tariffs. There are tariffs on some semi-manufactured stones and metals, generally under 5 percent. U.S. tariffs generally are about 6 percent for precious metal jewelry and 11 percent for costume jewelry. All these categories are eligible for duty-free treatment under the Generalized System of Preferences (GSP) and the North American Free Trade Agreement (NAFTA).

Since 1976, GSP has permitted several categories of goods, including gems and jewelry, to enter duty-free from most developing countries. China, South Korea, Taiwan, and Hong Kong are not eligible for GSP treatment. In November 1997, the Asia-Pacific Economic Cooperation (APEC) forum selected gems and jewelry as a sector for early liberalization of tariff and non tariff measures.

U.S AND INDIA

The Indian GJ industry has become an important segment for the U.S. GJ industry. Economic benefits to the U.S. economy from the Indian GJ industry include:

- The U.S. economy has made direct gains of approx \$1.8 billion, 13% of net economic gain.
- Indirect gains to the U.S. economy were worth \$11.8 billion, 87% of the net gain.

CONCLUSION

The above discussion reveals that the US market is having a constant demand of Gems and Jewelry and if not INDIA it is importing from other nations having inferior quality. The duty-free treatment under the Generalized System of Preferences (GSP) and the North American Free Trade Agreement (NAFTA) also favors the firms to export to the USA.

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