



Under the leadership of GJEPC, Gem & Jewellery Industry Voices Concerns At USTR Public Hearing

May 11, 2021, Mumbai: At the United States Trade Representative (USTR) multi-jurisdictional hearing held virtually on 10th May, the GJEPC along with other major trade bodies and leading exporters from the gem & jewellery sector represented Indian industry's grievances over a proposed 25% import duty on 17 Indian jewellery items.

The witnesses from gem & jewellery sector in India included prominent industry bodies like SEEPZ Gems & Jewelry Manufacturers Association (SGJMA) of Mumbai and Sitapura Gem & Jewellery Association from Jaipur. GJEPC led the charge in presenting direct testimony to and answering the questions from the Section 301 Committee comprising officials from the USTR, US Departments of Commerce, Labour, Agriculture, Treasury, State Department, etc. They heard comments from a total of four panels, the first consisting of representatives from trade bodies like FICCI and CII; the second being international trade law experts from India; the third comprised of gem and jewellery industry representatives; and the fourth panel represented the seafood industry.

GJEPC as the apex body of the gem and jewellery industry in India, has been proactively engaging with all the stakeholders and conveying the implications of this move. A detailed representation was made to the Government of India on 29th March, 2021. GJEPC got in touch with its trade members through webinars and meetings; and based on the inputs received, GJEPC prepared a comprehensive guide, and provided it to all members. GJEPC also supported members in submitting petitions. In all around 140 trade members submitted petitions by 30th April. GJEPC in coordination with associations and trade members, submitted seven hearing requests by 21st April followed by the submission of the preliminary document on 3rd May. In response to the submission, USTR permitted a panel of members from the gem and jewellery sector to present their comments.

The third panel included GJEPC Chairman Colin Shah, Rajiv Jain of Sitapura Gems & Jewelry Industry Association, Suvankar Sen of Senco Gold Limited and Convener of GJEPC's SEZ Sub-committee, Arvind Gupta of Gallant Jewelry, Rajeev Pandya of SGJMA, and Neville Tata of Renaissance Global Ltd.

Colin Shah, Chairman, GJEPC impressed upon the USTR, "The perception of injustice would lead to real-life consequences such as loss of jobs and livelihoods and a shift of business to countries such as China and Mexico. American jewellery companies also bank on Indian companies to fund their business by giving long credit and memo facilities, which would have major repercussions. Indian companies have established an estimated 500 offices around the USA that provide thousands of high-paying white collar jobs to locals; the imposition of duty could affect all these jobs as the Indo-US jewellery business would become unviable."

Shah added, "The timing could not have been worse for imposing this tariff on Indian jewellery exporters, who are already reeling under the impact of the pandemic."

R.V. Anuradha, Partner, Clarus Law Associates, an expert on international trade law, commented: "Pursuing a unilateral action under Section 301 undermines and weakens the Dispute Settlement System under WTO. A multilateral solution would be a preferable option."

Suvankar Sen of Senco Gold Limited and Convener of GJEPC's SEZ Sub-committee commented, "The gem and jewellery industry employs over 4 million people who are from the non-agrarian sector who are not highly educated but are exceptionally skilled in jewellery making techniques. If businesses become unfeasible due to the imposition of this import duty, this will adversely impact jobs and lead to large-scale unemployment."

Rajeev Pandya of SGJMA noted, "The withdrawal of the Generalised System of Preferences (GSP) in 2007 led to a decline in India's market share by 28% to 22% in 2013 and for the corresponding period, China was a direct beneficiary of this action as its market share in this period increased from 18% to 25%. The new proposed duty will have similar consequences."

Rajiv Jain of Sitapura Gems & Jewelry Industry Association warned USTR of possible supply chain disruptions, "Coloured gemstones and silver jewellery components are exported to America which is then converted into finished

jewellery and reexported to other countries. All this business will be affected by imposition further duty.”

Key questions raised by the USTR included the impact of the withdrawal of GSP benefits on Indian jewellers?, If US importers shifted demand elsewhere and the varied ways that shifting the source of supply could entail compliance risks

Colin Shah, Chairman, GJEPC responded to the USTR and said, “Its known world over that 14 out of 15 diamonds are cut and polished in India. India is the diamond factory for the entire world. This was an industry which used to be in Israel, Belgium, and over the last 20 to 30 years it has moved to India. So with the GSP benefit, the manufacturers and retailers shifted their entire production from other countries to India.

“With the drop in GSP benefit a lot of products which were higher average unit price, they either went to China or Mexico. So they were the beneficiaries as that business started moving out of India. Last few years the imports into the US has been dropping progressively every year with no growth for the last 6 to 7 years. So further duty on jewellery will accelerate that drop and the beneficiaries will be China and Mexico. It has not moved domestically to the US, because it is still very expensive for jewellery to be manufactured in the US. But the beneficiaries have been China, Thailand and to an extent Mexico.”

Suvankar Sen added, “The apprehension is that if the high duty is imposed on India, then instead of jewellery that might be coming from here, retailers might look at opportunities at importing from other countries. This is just a surmise and a risk, which is always a possibility. So, an unnecessary duty may be a disincentive for retailers to source from India directly.”

About The Gem and Jewellery Export Promotion Council (GJEPC)

The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry of Commerce, Government of India (GoI) in 1966, is one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country’s export thrust, when India’s post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of gems & jewellery industry and today represents 7000 exporters in the sector. With headquarters in Mumbai, GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

