



✦ **India Global Connect** ✦
Business Networking Meet - India- Saudi Arabia
18th August, 2021



...Collaboration Possibilities

Gem and Jewellery Export Promotion Council (GJEPC)

Sponsored by the Ministry of Commerce & Industry

Head Office & Registered Office

Office No. AW 1010, Tower A, G Block, Bharat Diamond Bourse, Next to ICICI Bank, Bandra-Kurla Complex, Bandra - East, Mumbai - 400 051, India

Tell : 91 22 42263600; Fax : 91 - 22 - 26524764, Web : www.gjepc.org

Email : ho@gjepcindia.co

India Global Connect Business Networking Meet – India- Saudi Arabia 18th August 2021, Time- 3:30 P.M (IST)

Covid-19 pandemic has tested the macro-economic resilience and strength of the economies worldwide. India saw sooner than anticipated and faster than expected pace of recovery majorly on account of the dynamic reforms by the Government in terms of enhancing liquidity, providing fiscal support to the affected industries, systematic unlock downs and resumption of economic activities and addressing operational challenges among others. According to the recent IMF World Economic Outlook July, India's Real GDP is projected to grow by 9.5 % in 2021 and is among the top 10 leading economies in the World. The GJEPC has undertaken prompt measures which include constantly interacting with the industry, understanding their requirements, and further working closely with the Government so as to chalk out the desired measures for supporting the industry in terms of sustaining, surviving, and reviving back even amid the critical situation like Covid-19.

India's gem and jewellery sector had witnessed resilience during the first quarter of 2021-22 as its exports have started recovering gradually and are still intact despite the second wave of covid-19

India-Saudi Arabia Global Connect-Business Networking Meet has been organised to enable the stakeholders from both countries to explore areas of collaboration, avenues, trade scenarios and consumer's preferences to strengthen gems and jewellery trade between the two countries

India-Saudi Arabia Global Connect is the 8th Business Networking Meet that the GJEPC has organised after the successful meetings with the UK, Switzerland, Colombia, Angola, Oman, Singapore, and Morocco



Key Participants

Mr. N Prasad	Deputy Chief of Mission, Indian Embassy in Saudi Arabia
Dr Srikar Reddy	Joint Secretary, MOC&I, Govt of India

Panelists from UAE

Mr. Abdul Rahman Al Shak'h	Abnaa Ali Fahad Al Shk'ha Co &
Mr. Mustafa Eshak	Hasan Al Nemar
Mr. Naseer Quhatani	Al Quhatani
Mr. Ramesh Vora	Bafleh Gold
Mr. Vijay Soni	SIBN
Mr. Abdullatif A. Al Sagha	Malak Jewellery
Mr. Adeeb Mohammed Idress	Green emerald jewellery
Mr. Meshal Al Debyan	Lapis jewellery
Mr. Hussein Bahamdein	Abdullah Bahamdein
Ms. Al Busra	
Mr. Nezar Jamil Mukhtar	Al Romaizan Gold& Jewelry Co.

Panelists from India

Mr. Vipul Shah	Vice - Chairman, GJEPC
Mr Milan Choksi	Moksh Jewellery & Convener PMDB
Mr. Mansukh Kothari	Vasupati jewellers & Convener, Events
Mr. Anish Birawat	Chain & Chain
Mr. Konal Doshi	Modern Impex
Mr. Sabyasachi Ray	Executive Director, GJEPC (Moderator)



N. Ramprasad, Deputy Chief of Mission, Indian Embassy in Saudi Arabia, stated, “Gems and jewellery is an important component of trade between the two countries and there is wide scope for bilateral expansion of trade. Saudi Arabia is an important destination for Indian gems and jewellery commodities as our designs are highly popular among consumers here.”

Dr Srikar Reddy, Joint Secretary, MoC&I, commented, “The Saudi Arabian economy is recovering well with 4.3% growth in Saudi’s non-oil trade expected this year. Gem and jewellery exports to the Gulf Cooperation Council (GCC) countries were around \$10 billion but went down to \$3 billion last year due to the pandemic. But things are looking good, and the economies of UAE and Saudi are showing positive signs of growth ”

Vipul Shah, Vice -Chairman, GJEPC said, Saudi Arabia was India’s fourth-biggest trading partner after China, USA and Japan, and the kingdom accounts for 18% of India’s crude oil requirements. Gem and Jewellery trade between India and Saudi Arabia stood at \$388 million in 2019-20. India Global Connect platform would help initiate a dialogue to explore trade opportunities that would further increase gems and jewellery trade between the two countries.

1.1 India -Saudi Arabia Gems and Jewellery Trade: A Brief Glance

Saudi Arabia is India’s fifth largest trade partner and the total bilateral trade between the two countries stood at US\$ 22 billion in 2020-21

Cereals, organic chemicals, nuclear reactors and boilers, mineral fuels, ceramic products, articles of iron and steel are some of the major export commodities from India to Saudi Arabia while India majorly imports mineral fuels, fertilizers, organic chemicals, plastics, and articles from Saudi Arabia.

India- Saudi Arabia bilateral trade pertaining to gems and jewellery commodities is not much significant and stood at US\$ 388 million in 2019-20 and further declined to around US\$ 50 million in 2020-21 due to the spread of Covid-19. Gold Jewellery, Cut and Polished diamonds and Imitation Jewellery are the key gems and jewellery commodities exported to Saudi Arabia while India majorly imports gold bars from Saudi Arabia.

(Refer Table 1)



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

Particulars	Amount 2019-20 (US\$ Mn)	Amount 2020-21 (US\$ Mn)	Key Exports/Imports Commodities
India's Exports to Saudi Arabia	55.55	48.92	<ul style="list-style-type: none"> • Gold Jewellery • Imitation Jewellery • Cut and Polished diamonds
India's Imports from Saudi Arabia	332.68	0.36	<ul style="list-style-type: none"> • Gold bar • Rough diamonds
India – Saudi Arabia Total Trade	388.23	49.28	

Source: DGCI&S

1.2 Saudi Arabia's key gems and jewellery imports from the World and India-2019

Saudi Arabia's total imports of gems and jewellery commodities from the world are valued at US \$ 1.89 billion which majorly consist of Gold Jewellery, Cut and Polished Diamonds, Silver Jewellery, and Imitation Jewellery in 2020. The gold jewellery and imitation jewellery together comprise around 35 % of Saudi Arabia's total imports of gems and jewellery commodities from the world. **(Refer table 2)**

However, the share of India in Saudi Arabia's total imports of gems and jewellery commodities is less than 5 % in 2020. The duty rates applicable for India in Saudi Arabia for the key gems and jewellery commodities stood at 5 %.

Table 2: Saudi Arabia's Key G&J imports from World and India -2020 along with Tariff rates applicable in India

HS Code	Commodity Description	Saudi Arabia's imports from the world (US \$ million)	Saudi Arabia's imports from India (US\$ million)	India's % share in Saudi Arabia's imports and rank	Duty rates applicable for India in Saudi Arabia
71	Gems and Jewellery	1899.6 mn	73.37 mn	3.9 %, 5 th Rank	---
711319	Gold Jewellery	583.5 mn	60.1 mn	10.3 %, 4 th rank	5 %
7117	Imitation Jewellery	65.6 mn	2.04 mn	3.1 %, 7 th rank	5 %
711311	Silver Jewellery	18.5 mn	0.28 mn	1.5 %, 9 th rank	5 %
710239	Cut and Polished diamonds	10.6 mn	9.92 mn	92.8 %, 1 st rank	5 %



Source: GJEPC analysis based on UN Comtrade Data, 2019 and World Tariff August 2021.

1.3 India - WANA gems and jewellery trade - 2019-20

This section analyses the gems and jewellery trade of India with the West Asia and North African region (WANA) with special reference to Saudi Arabia which is a part of the said region

The West Asia and North African region (WANA) is one of the most important regions for India's export of gems and jewellery commodities. WANA region constitutes around 30 % of India's total exports of gems and jewellery commodities with an export value of US\$ 10.5 billion. India's imports of gems and jewellery commodities from the region stood at US\$ 8.93 billion while the total gems and jewellery trade is recorded at US\$ 19.52 billion **(Table 3)**

Table 3: India- WANA Gems and Jewellery Trade -2019-20

Particulars	Amount (US\$ million)
India's exports to WANA	10595.41
% of share in India's exports	29.36%
India's imports from WANA	8,930.82
% of share in India's imports	16.39%
India-WANA total trade	19,526.23
% of share in total trade	21.57%

Source: DGCI&S

1.4 India's Gems and Jewellery Exports with respect to Saudi Arabia

Within the WANA region, United Arab Emirates is the top export destination for India and constitutes around 89 % of India's total gems and jewellery exports with an export value of US\$ 9.4 billion. Israel, Qatar, Saudi Arabia, Bahrain, and Kuwait are the other significant export destinations of India's gems and jewellery commodities. India's exports to Saudi Arabia within the WANA region is insignificant and valued at US\$ 55.55 million in the same period accounting for 0.52 % share in India's total exports to the region **(Table 4)**



Table 4: Gems and Jewellery Trade within WANA - 2019-20

Country	Exports (US \$ million)	% Share
United Arab Emirates	9433.84	89.04
Israel	914.17	8.63
Qatar	108.28	1.02
Saudi Arabia	55.55	0.52
Bahrain	35.66	0.34
Kuwait	27.22	0.26
Lebanon	9.93	0.09
Oman	4.25	0.04
Jordan	1.37	0.01
Egypt	2.55	0.02
Morocco	0.37	0.00
Sudan	2.09	0.02
Iraq	0.07	0.00
Tunisia	0.06	0.00
Yemen	0	0.00
Syria	0	0.00
South Sudan	0	0.00
Total	10595.41	100

Source: DGCI&S



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:

A. Gem and Jewellery products preferences and designs in Saudi Arabia and change in preferences amid pandemic

People in Saudi Arabia purchase Indian gold jewellery and diamonds jewellery but mostly prefer traditional locally manufactured jewellery such as wedding bands, marriage sets, etc. Indian jewellers need to customise their products according to the tastes and preferences of the Saudi Arabian market.

Mr Ramesh Vora, Bafleh Jewellery

Saudi Arabians, especially in the western part of the country, opt for jewellery that is thin, strong, and light in design as compared to heavy designs of Indian jewellery products

**Mr. Hussein Bahamdein,
Abdullah Bahamdein**

Pandemic had a major impact on the gems and jewellery preferences in Saudi Arabia. The Saudi Arabian market trend is shifting from heavy studded jewellery to simple, lightweight jewellery and daily wear jewellery due to the ongoing restrictions limiting social occasions, events, and marriages.

Ms. Al Busra



Demand for silver jewellery in the Saudi Arabian market is not much as compared to gold jewellery.

**Mr. Abdul Rahman Al Shak'h,
Abnaa Ali Fahad Al Shk'ha Co**

Key Points

- Saudi Arabians prefer locally manufactured jewellery that is thin and light in design
- The Tastes and Preferences of Saudi Arabia have shifted from traditional heavy studded to lightweight jewellery for daily use amid pandemic
- Saudi Arabia is not a strong market for silver jewellery
- India is a major supplier of diamonds to Saudi Arabia.

B. Issues and constraints hindering gems and jewellery trade.

There is considerable demand for Indian gold jewellery in Saudi Arabia. Lack of exposure and awareness of the different types and designs of Indian gems and jewellery products in the market is hindering gems and jewellery trade in Saudi Arabia. Gems and jewellery trade between the two countries can be improved through VBSMs, BSMs, events, and more engagement and collaboration between the manufacturers of Gems and Jewellery Products in both markets.

Mr. Anish Birawat , Chain & Chain

The gems and jewellery shipments are not coming directly to Riyadh rather than via third party countries like the UAE which has limited the access of the commodities in the country. There are issues pertaining to travel procedures and granting of visas to Saudi Arabians which is also hindering trade between the two countries.

**Mr. Abdullatif A. Al Sagha,
Malak Jewellery**

There have been various issues that traders face with respect to ease of doing business in India and online visa application procedures.

**Mr. Adeeb Mohammed Idress,
Green Emerald Jewellery**



Indian gold jewellery is not much preferred by the locals in Saudi Arabia as the designs cater mostly to the wide Indian diaspora in the country rather than for the local market which is one of the major reasons the country sources its products from other countries like Italy, UAE, among others. Pandemic has not only led to a substantial dip in the gems and jewellery trade but an overall decline in trade in almost all sectors across the world from various countries such as Germany, Italy, etc. The size of employees working in factories has also diminished due to pandemic induced restrictions. However, it is not a matter of concern and the gems and jewellery trade between the two countries is expected to pick up in the future as there is much demand for Indian gems and jewellery products in GCC countries.

Mr. Abdul Rahman Al Shak'h, Abnaa Ali Fahad Al Shk'ha Co

An appropriate venue, location, and time for holding exhibitions, trade shows and events are needed for holding trade shows /events /fairs in India.

Mr. Hussein Bahamdein, Abdullah Bahamde

Key Points

- Lack of communication, awareness, marketing and promotional activities of Indian gems and jewellery products in Saudi Arabia
- There is an issue pertaining to online visa procedures
- Dearth of direct exports of gems and jewellery products to Saudi Arabia.
- The Indian gems and jewellery products are mostly manufactured for the Indian diaspora in the country and don't adhere to the requirements of the Saudi Arabian market.



C. Measures to enhance gems and jewellery trade and sourcing countries

India manufacturers high-quality gems and jewellery products offering a wide variety of designs that is difficult to compete especially in the ornaments and jewellery segment. The problem of direct export and import of gems and jewellery products needs to be addressed to enhance trade so that Saudi Arabia can import gold bars and other products from India. The investment in the gems and jewellery sector(similar to Almas tower in Dubai) in Saudi Arabia can lead to a substantial boost in the level of trade between the two countries. Saudi Arabia mostly sources its gems and jewellery products from UAE.

Mr. Abdullatif A. Al Sagha, Malak Jewellery

India should increase promotional activities, marketing and visibility of its gems and jewellery products in Saudi Arabia. The last Indian trade delegation visited the kingdom in 2004. Local designers from Saudi Arabia can visit Indian factories for a better understanding of the designs and type of jewellery products preferred in Saudi Arabia and other Middle Eastern markets

Mr. Nezar Jamil Mukhtar, Al Romaizan Gold& Jewelry Co.

India imports gold bars from Saudi Arabia and exports gold jewellery back to the Middle Eastern kingdom. The two countries can explore doing a barter system of exchanging gold for jewellery by working out a duty structure for job work and exchange of workers, artisans, and labour especially in the manufacturing of handmade jewellery to facilitate direct exports to Saudi Arabia. Additionally, he also suggested circulating pictures of gems and jewellery products preferred in the Saudi Arabian market to the panellists and trade associations.

Mr. Konal Doshi ,Modern Impex

There is possibility of collaboration in the setting up of branded, trustworthy laboratories in Saudi Arabia for the testing of gemstones. Organization of trade shows/B2B meetings /exhibitions/events must be facilitated in Saudi Arabia (Riyadh and Jeddah) especially in the wholesale business. There needs to be a provision for using and returning gems and jewellery goods for exhibition purposes without any import duties. The countries should ease travel procedures such as offering multiple entry E-visas. There needs to be more engagement, meetings and interactions between business delegations, manufacturers, and traders to enhance trade.

Mr. Abdul Rahman Al Shak'h, Abnaa Ali Fahad Al Shk'ha Co

India can explore the opportunity to sign a trade treaty or a barter system for duty exemption with Saudi Arabia so that Indian companies, traders, and manufacturers can directly export gems and jewellery products to the country. Indian gems and jewellery products are unable to compete with locally produced goods in Saudi Arabia due to the duty structure prevalent in the country. Local associations from both countries can collaborate in organising joint exhibitions in Saudi Arabia as the country is also a big tourist market, especially during the annual Hajj pilgrimage.

Mr. Ramesh Vora, Bafleh Jewellery

A joint collaboration in the areas of manufacturing, setting up factories and industries between the two countries can be explored to increase accessibility to the Saudi Arabian market. Additionally, he also invited the Indian side to set up sourcing offices pertaining to gems and jewellery to encourage direct dealing between the countries.

Mr. Adeeb Mohammed Idress, Green Emerald Jewellery

Saudi Arabia is a very significant market for Indian gems and jewellery products. There is a huge potential to boost trade in Saudi Arabia which is supported by the rising population, economic development, and trade-friendly policies to enhance gems and jewellery trade in the country. Gems and jewellery associations from both countries should work together to understand business opportunities and approaching the government for drafting policies and reforms to boost trade. He had also invited the Saudi Arabian traders to visit flagship shows – IIJS Premiere, IIJS Signature and VBMs organised by the council to interact with Indian manufacturers for fulfilling their sourcing requirements.

Mr. Mansukh Kothari, Vashupati Jewellers

Institutional collaboration in the areas of training and skilling artisans can be explored which is also in line with Saudi Arabia's vision 2030. Trade shows/ events must be held in larger formats where key buyers can have a broad understanding of the variety, designs and type of Indian gems and jewellery products. B2B meetings must target specific domain buyers and manufacturers. The barter system (gold against gold) can lead to an exponential growth in gems and jewellery trade between the two countries.



Mr. Vijay Soni, SIBN

Key Points

- There is a large potential for collaboration between the two countries in terms of machinery, manufacturing, training, and skill.
- There is the possibility of collaboration in setting up laboratories and offices in Saudi Arabia
- Trade shows /events must be organised in Saudi Arabia
- A barter system of exchanging gold for jewellery by working out a duty structure for job work can be explored to boost trade
- There needs to be more exchanges, discussions, events, and meetings to improve the partnership between the two countries
- Local designers from Saudi Arabia can visit Indian gems and jewellery factories to share sourcing requirements in Saudi Arabia
- Saudi Arabia mostly sources its gems and jewellery products from UAE.
- Easing on online visa procedures to facilitate travel arrangements
- Increase in investment in the gems and jewellery sector between the two countries

D. Indian Gems and Jewellery manufacturing capabilities and impact of the pandemic on the G&J sector

There has been a significant evolution in the Indian gems and jewellery sector in all areas of the manufacturing process. The country produces a unique combination of machine-made and handmade jewellery that is lighter in design and flexible for daily use. A lot of international brands source their gems and jewellery products from India. Saudi Arabian preferences for gems and jewellery products are dynamic and has shifted from traditional to more modern designs for everyday wear. Indian factories have the potential to suit the needs and requirements of the Saudi Arabians as well as tailoring their inventory to produce in-demand products for the people in Saudi Arabia.

Mr. Sushil Jain, Dialmaz Exports, India



Covid-19 had a drastic impact on the Indian gems and jewellery sector with the global business shutdown, cancellation of trade shows, lack of export orders, shutting of retail shops, among others. Consequently, the exports have revived in the major export destinations for Indian gems and Jewellery products such as the USA, China, and the Middle East with the revival in consumers preferences. The countries are now sourcing gems and jewellery products more than their pre-covid levels. Jewellery has turned out to be a stronger category in terms of other luxury goods. Thus, pandemic has no significant change in consumer patterns and has opened new platforms (Virtual) for trade for both consumers and manufacturers

Mr. Milan Chowksi, Moksh Jewellery

Key Points

- India is proficient in manufacturing both handmade traditional jewellery and machine-made jewellery and can manufacture products as per the requirements of the Saudi Arabian markets.
- The pandemic had no major impact on the consumer spending on the Indian gems and jewellery sector which in turn has emerged stronger amid pandemic.



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 and also invited Saudi Arabian panellists to visit the two flagships shows organised by the council in the coming months (IJS Premiere -Bangalore and IGJS -Dubai show)

- Saudi Arabians prefer locally manufactured jewellery that is thin and light in design
- Tastes and Preferences of Saudi Arabia have shifted from traditional heavy studded to lightweight jewellery for daily use amid pandemic
- Saudi Arabia is not a strong market for silver jewellery
- India is a major supplier of diamonds to Saudi Arabia.
- India is proficient in manufacturing both handmade traditional jewellery and machine-made jewellery and can manufacture products as per the requirements of the Saudi Arabian markets.
- pertaining to online visa procedures
- Saudi Arabia mostly sources its gems and jewellery products from UAE.
- Dearth of direct exports of gems and jewellery products to Saudi Arabia.
- The Indian gems and jewellery products are mostly manufactured for the Indian diaspora in the country and don't adhere to the requirements of the Saudi Arabian market

Collaboration possibilities

- There is a large potential for collaboration between the two countries in areas of machinery, manufacturing, training, and skill.
- There is the possibility of collaboration in setting up laboratories and offices in Saudi Arabia
- Trade shows /events must be organised in Saudi Arabia
- A barter system of exchanging gold for jewellery by working out a duty structure for job work can be explored to boost trade
- There needs to be more exchanges, discussions, events, and meetings between manufacturers, delegations, and trade associations
- Local designers from Saudi Arabia can visit Indian gems and jewellery factories
- to share sourcing requirements in Saudi Arabia
- Easing of online visa procedures to facilitate travel arrangements
- Increase in investment in the gems and jewellery sector between the two countries

Report is Reviewed by:

Mr. Sabyasachi Ray
Executive Director
GJEPC

Prepared by:

Ms. Rashmi Arora
Assistant Director
(Research and Statistics)
GJEPC

For any query e-mail at rashmi.arora@gjepcindia.com

Mr. Alfred Cyril
Statistician
Statistics Department
GJEPC
cyril@gjepcindia.com

Mr. Animesh Sharma
Sr. Research Executive
Statistics Department
GJEPC
animesh.sharma@gjepcindia.com



Disclaimer

A brief report titled **“India-Saudi Arabia - Collaboration Possibilities ”** is prepared by Gems and Jewellery Export Promotion Council (GJEPC) for general guidance and information purposes only and should not be reproduced or disseminated to others without the permission of Gems and Jewellery Export Promotion Council.

Though, every effort is done to confirm the accuracy and completeness of the data contained, the GJEPC takes no responsibility and assumes no liability for any error/ omission or accuracy of the report. Readers of the report should seek professional advice or arrive at their own judgement and conclusion at their sole discretion before making any decision based on this report.

Gems and Jewellery Export Promotion Council (GJEPC)
ALL RIGHTS RESERVED
August 2021