



India-USA Trade Relations Trends and Observations



✦ CONTENTS

S.No.	Particulars	P.No.
1	Executive Summary	3
2	Indo-USA: Significant Trade Partners	6
3	India-USA: Deep Rooted Relations	6
4	Loss of India 's Share in USA Market - An Analysis	7
5	Markets where India's % share has shifted	12
6	Impact of GSP withdrawal by USA for Indian G&J products on India's position in USA market	13
7	Conclusions and Suggestions	20
8	Annexure	21





✦ EXECUTIVE SUMMARY

India and USA relations are historically deep rooted and have gone strength in strength over a period of time. India's exports to USA of gem and jewellery exports rose from US\$5.14 billion in 2007 to US\$9.55 in 2019 and India's imports from USA increased from US\$1.02 billion to US\$6.75 billion during the said time period.

This is in response to Indian Embassy letter whereby GJEPC was cautioned about falling USA imports of gem and jewellery products from India the Council has conducted a brief analysis wherein all the gem and jewellery commodities which are imported by USA from India have been investigated in relation to the World.

While doing the analysis, we have selected 15 gem and jewellery commodities at HS code -8-digit level for the last 3 years, 2017, 2018 and 2019. Since, these are the key commodities which are imported by USA from India, therefore have been considered for the analysis. Further, India's % share in USA imports of all these commodities over the 3 years have been analysed.

The analysis is categorised in 5 parts:

1. Commodities in which India has recorded a rising and share in USA market.
2. Commodities in which India has recorded falling share in USA market.
3. Countries where India's share has been shifted.
4. Impact of GSP withdrawal by USA for Indian G&J products on India's position in USA market.
5. A way to regain the lost share in USA market : Discussion

KEY OBSERVATIONS

1. Commodities in which India has recorded a rising share in USA market.

This is found that %share of India in USA imports of the diamonds, precious, semi-precious and synthetic stones and imitation jewellery has increased during the span of three years 2017 to 2019.

Few of the silver and gold jewellery products have also shown a rise in India's % share in USA market during the said time period. This includes a) Silver articles of jewellery and parts thereof, nesoi, valued over \$18 per dozen pieces or parts b) Gold necklaces and neck chains (o/than of rope or mixed links and c) Precious metal (o/than silver) articles of jewellery and parts thereof, whether or not plated or clad with precious metal, nesoi

2. Commodities in which India has recorded falling share in USA market

This is found that %share of India in USA imports for the various silver and gold jewellery products have declined in 2019 as compared to 2018 and 2017.

a) Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewellery manufacture b) Silver articles of jewellery and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts c) Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewellery manufacture d) Gold rope necklaces and neck chains e) Gold mixed link necklaces and neck chains f) Precious metal (o/than silver) clasps and parts thereof and g) Jewellery and Parts thereof, whether or not plated or clad with precious metal, nesoi.

3. Markets where India's % share has shifted

This has been observed that the products in which India has lost share in USA market for G&J products have shifted to the other markets including Indonesia, China, Germany, Thailand, Peru, Turkey, Indonesia, Oman and France.

USA GSP Scheme and India

Gem and Jewellery products were also receiving the GSP treatment meaning thereby the products were imported in USA at preferential duty rates which resulted in increase in exports of the said products to USA significantly. During the years 2003-2007, the GSP imports of gems and jewellery in USA grew rapidly and this became the major commodity on India's GSP exports, accounting for 40% or more of the total GSP imports from India.

The major cause for the decline in GSP imports from India was the revocation in 2007 of competitive need limitation waiver (originally granted in 2001) in respect of certain jewellery items (HSUS 71131929 and 71131950) and further revocation of the 2001 waiver in 2009 of another category (HSUS 71131925). The US took further action to exclude in 2009 one other category (HSUS 71131921) on account of the competitive need limitation.

Adverse impact of the exclusion of key gem and jewellery export commodities from GSP benefit by USA between 2007-2009

Eventually withdrawn of GSP benefit for the key jewellery products in the year 2007, 2008 and 2009 resulted attraction of MFN rate of around 5-6% at the USA customs territories and decline in exports of the various following high-volume jewellery exports from India.

- Articles of gold jewellery (HS Code 71131950)
- Gold rope necklaces and neck chains (HS code 71131921)
- Gold necklace and neck chains (HS code 71131929)
- Gold mixed links, necklaces and neck chains (HS code 71131925)
- Silver articles of jewellery and parts (HS code 71131150)

This is assessed that post the withdrawal of GSP benefit for jewellery products from India in 2007/2009 USA imports from India have witnessed a fall from US\$2212 million in 2006 to US\$1396.31 million in 2018.

On the other side rise in USA imports of the said products have observed to be increased from China, France, Indonesia, Italy, Oman and Switzerland. USA Imports of gold necklace and neck chain have increased from Canada, Indonesia, Italy, Oman, Singapore South Africa, Turkey, Belgium, China and Dominican Republic. USA imports of Gold rope necklaces and neck chains have risen from Peru, Turkey and Indonesia. The country imports of Gold mixed links, necklaces and neck chains have increase from China, Italy, Indonesia, Oman, Thailand and imports of Silver articles of jewellery and parts have witnessed a significant rise from Thailand.

✦ 1. Indo-USA: Significant Trade Partners

India and the United States share strong trade relations for almost all the products including gem and jewellery. As evident from the fact that India's gem and jewellery exports to USA are at US\$9.55 billion which comprise of around 26% share in India's total gem and jewellery exports of US\$38.63 billion to the World. Similarly, India is one of the key sourcing countries of USA for gem and jewellery products. India constitute for around 17% share in USA total gem and jewellery imports of US\$57.47 billion from the World (Refer – Table -1).

Table -1 India -USA Bilateral Trade Scenario - 2019

Particulars	Amount (US billion)/% share
India's total G&J exports	38.63
India's exports of G&J to USA	9.55
% share of USA in India's G&J exports	24.72%
USA imports of G&J from the World	57.47
USA imports of G&J from India	10.53
% share of India in USA G&J imports	16.91%

Source: GJEPC and USITC

✦ 2. India-USA: Deep Rooted Relations

India and USA relations are historically deep rooted and have gone strength in strength over a period of time. This is evident from the Table-2 that India's exports to USA of gem and jewellery exports rose from US\$5.14 billion in 2007 to US\$9.55 in 2019 and India's imports from USA increased from US\$1.02 billion to US\$6.75 billion during the said time period. Overall, India USA bilateral gem and jewellery trade got more than doubled from US\$6.16 billion in 2007 to US\$16.30 billion in 2019.

Table-2 USA Significance in India's Gem and Jewellery Trade (US\$billion)

Year	India's Exports to USA US\$billion	% share in Exports	India's Imports from USA US\$ billion	% share in Imports	Total Trade US\$billion
2007	5.14	26.88	1.02	3.71	6.16
2010	5.11	13.78	2.24	3.26	7.35
2015	8.27	21.29	3.45	5.78	11.72
2019	9.55	24.72	6.75	11.43	16.30

Source: DGCIS

While, this has been noted that India has been losing its share in USA market for gem and jewellery products for the last few years. This is to examine the case in detail we have conducted a brief analysis wherein all the gem and jewellery commodities which are imported by USA from India have been investigated in relation to the World.

3. Loss of India 's Share in USA Market - An Analysis

While doing the analysis, we have selected 15 gem and jewellery commodities at HS code -8-digit level for the last 3 years, 2017, 2018 and 2019. Since, these are the key commodities which are imported by USA from India, therefore have been considered for the analysis. Further, India's % share in USA imports of all these commodities over the 3 years have been analysed. (Table - 6)

The analysis is categorised in 5 parts:

1. Commodities in which India has recorded a rising and share in USA market.
2. Commodities in which India has recorded falling share in USA market.
3. Countries where India's share has been shifted.
4. Impact of GSP withdrawal by USA for Indian G&J products on India's position in USA market.
5. A way to regain the lost share in USA market : Discussion



◆ Key Observations

3.1. Commodities in which India has recorded a rising share in USA market.

- This is understood from the Table-3 & 6 that %share of India in USA imports of the diamonds, precious, semi-precious and synthetic stones and imitation jewellery has increased during the span of three years 2017 to 2019.
- Few of the gold and silver jewellery products have also shown a rise in India's % share in USA market during the said time period. Commodities in which India's share has increased in USA market are listed here below.

Table - 3

USA Imports from India in 2017, 2018 and 2019 which have witnessed rise in share in USA market

HS Codes	Commodity Description	Rise of % share in USA Market from 2017 to 2019
Diamonds/Precious and Semi-Precious Stones		
710239	Diamonds, Non-Industrial Worked Including Polished or Drilled	38% to 41%
710391	Rubies, Sapphire and Emeralds otherwise worked	9.7% to 13%
710399	Semiprecious Stones, otherwise worked	17.5% to 28%
710490	Synthetic or Reconstructed Precious or Semi-Precious tones NESOI, otherwise worked	39% to 58.5%
Silver and Gold Jewellery		
71131150	Silver articles of jewellery and parts thereof, nesoi, valued over \$18 per dozen pieces or parts	21.18% to 21.42%
Gold Jewellery		
71131929	Gold necklaces and neck chains (o/than of rope or mixed links)	7.5% to 8.16%
71131950	Precious metal (o/than silver) articles of jewellery and parts thereof, whether or not plated or clad with precious metal, nesoi	22.3% to 27.1%
Imitations Jewellery		
7117	Imitation Jewellery	constant at 2.6%

Source: GJEPC based on USITC General Import Database as on 19th August 202

3.2. Commodities in which India has recorded falling share in USA market.

This is understood from the Table-4 & 6 that %share of India in USA imports for the various silver and gold jewellery products have declined in 2019 as compared to 2018 and 2017.

A list of such commodities is mentioned here below:

Table - 4

USA Imports from India in 2017, 2018 and 2019 which have witnessed lost in share in USA market

HS Codes	Commodity Description	Loss of share in USA Market share from 2017 to 2019
Silver Jewellery		
71131110	Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewellery manufacture	27.53% to 12.30%
71131120	Silver articles of jewellery and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts	15.88% to 14.80%
Gold Jewellery		
71131910	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewellery manufacture	34.07% to 16.78%
71131921	Gold rope necklaces and neck chains	10.30 % to 6.44%
71131925	Gold mixed link necklaces and neck chains	7.28% to 5.02%
71131930	Precious metal (o/than silver) clasps and parts thereof	21.07% to 12.88%
71132000	Jewellery and Parts thereof, whether or not plated or clad with precious metal, nesoi.	27.26% to 15.06%

Source: GJEPC based on USITC General Import Database as on 19th August 2020

3.3. India share in USA in over all gem and jewellery products

USA imports of G&J from India declined to US\$10.53 billion in 2019 from US\$11.34 billion in 2018. With this India's % share in USA imports of all gem and jewellery products have recorded a decline from 19 % to 18.32% during the said period. (Table 5)

Table - 5

USA imports of G&J from World vis-à-vis India Trade Scenario - 2017 to 2019

Particulars	USA imports from World US\$billion	USA Imports from India US\$billion	India % Share in USA Imports
2017	58.9	10.36	17.6%
2018	60	11.34	19%
2019	57.5	10.53	18.32%

Source: GJEPC and USITC



Table - 6 USA imports from India of Key Gem & Jewellery Commodities in 2017, 2018 and 2019

HTS No.	Description	Year 2017			Year 2018			Year 2019		
		USA Imports from World (US\$million)	USA Imports from India (US\$million)	% share in USA Imports	USA Imports from World (US\$million)	USA Imports from India (US\$million)	% share in USA Imports	USA Imports from World (US\$million)	USA Imports from India (US\$million)	% share in USA Imports
71	Natural or Cultured Pearls, precious or Semiprecious Stones, precious Metals, Precious Metal Clad Metals, Articles thereof; Imitation jewellery coin.	58,977.91	10,363.83	17.57	60,001.73	11,341.32	18.90	57,466.44	10,528.45	18.32
DIAMONDS & PRECIOUS / SEMI PRECIOUS STONES / SYNTHETIC STONES										
710239	Diamonds; Non Industrial Worked Including Polished or Drilled	21,542.84	8,191.42	38.02	23,295.85	9,085.89	39.00	19,455.95	7,974.16	40.99
710391	Rubies, Sapphire and Emeralds otherwise worked	1,494.81	145.53	9.74	1,565.68	159.41	10.18	1,108.63	143.51	12.94
710399	Semiprecious Stones, Otherwise worked	591.73	103.40	17.47	528.21	108.24	20.49	557.70	154.64	27.73
710490	Synthetic or Reconstructed Precious or Semi Precious Stones NESOI, Otherwise worked	167.94	65.19	38.82	233.42	91.78	39.32	405.47	237.17	58.49
SILVER JEWELLERY PRODUCTS										
71131110	Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewelry manufacture	8.39	2.31	27.53	8.72	2.09	23.97	7.32	0.90	12.30
71131120	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts	51.90	8.24	15.88	55.72	9.39	16.85	56.47	8.36	14.80
71131150	Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts	1,566.87	331.82	21.18	1,607.77	301.05	18.72	1,418.71	303.89	21.42
71131910	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	24.92	8.49	34.07	21.67	5.58	25.75	27.53	4.62	16.78
GOLD JEWELLERY PRODUCTS										
71131921	Gold rope necklaces and neck chains	99.03	10.20	10.30	123.38	11.38	9.22	178.56	11.50	6.44
71131925	Gold mixed link necklaces and neck chains	63.72	4.64	7.28	71.03	3.75	5.28	93.79	4.71	5.02
71131929	Gold necklaces and neck chains (o/than of rope or mixed links)	1,282.94	96.14	7.49	1,324.06	81.12	6.13	1,388.78	113.29	8.16
71131930	Precious metal (o/than silver) clasps and parts thereof	26.06	5.49	21.07	24.09	4.78	19.84	27.65	3.56	12.88
71131950	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	5,894.53	1,307.14	22.18	5,443.03	1,396.31	25.65	5,506.72	1,491.00	27.08
71132000	Jewellery and Parts thereof, whether or not plated or clad with precious metal, nesoi.	2619	714	27.26	36.35	4.82	13.26	26.82	4.04	15.06
IMITATION JEWELLERY PRODUCTS										
7117	Imitation Jewellery	1,270.09	33.15	2.61	1,285.26	29.30	2.28	1,146.67	29.82	2.60

Source : USITC , 19th August 2020, General Imports

4. Markets where India's % share has shifted

This has been observed that the products in which India has lost share in USA market for G&J products have shifted to the other markets which are mentioned here below:

Table -7

USA Imports from India in 2017, 2018 and 2019

which have witnessed lost in share in USA market

HS Codes	Commodity Description	In which markets shifted
Silver Jewellery		
71131110	Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewelry manufacture	Italy, China, Germany (refer to annexure B - Table B1)
71131120	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts	China, Thailand
Gold Jewellery		
71131910	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	Peru, Italy, Turkey (refer to annexure B - Table B2)
71131921	Gold rope necklaces and neck chains	Indonesia, Peru, Turkey (refer to annexure B - Table B3)
71131925	Gold mixed link necklaces and neck chains	Oman, Peru, Turkey, France, China, Hong Kong (refer to annexure B - Table B4)
71131930	Precious metal (o/than silver) clasps and parts thereof	Turkey
71132000	Jewellery and Parts thereof, whether or not plated or clad with precious metal, nesoi.	Could not find

Source: GJEPC based on UN Comtrade General Import Database as on 19th August 2020

*For more details of extent of shift to other markets refer to annexure B

5. Impact of GSP withdrawal by USA for Indian G&J products on India's position in USA market.

5.1. USA GSP (Generalised System of Preference) Benefit to India: Backdrop

The U.S. Generalized System of Preferences (GSP), a program designed to promote economic growth in the developing world, provides preferential duty-free treatment for over several products from a wide range of designated beneficiary developing countries (BDCs), including many least-developed beneficiaries developing countries (LDBDCs). The USA GSP Scheme was introduced in 1976 with the objective of increasing the export earnings of developing countries, promote their industrialization and accelerate their economic growth.

GSP Benefit is majorly granted at two levels: (i). Country Level wherein a country is designated as Beneficiary Developing Country (BDC) (2) Product Level wherein a commodity or commodity group(s) of BDCs is granted GSP benefit.

5.2. CNL (Competitive Need Limitation):

CNL are quantitative ceilings on GSP benefits for each product and BDC. The GSP statute provides that a BDC is to lose its GSP benefit with respect to a product if the CNLs are exceeded and if no waiver is exceeded.

CNLs measures are: US imports of a particular product from a BDC during a calendar year should not exceed US\$180 million (in 2017) or its imports should not account for 50% or more of the value of total US imports of that product.

Products from a specified beneficiary are considered "sufficiently competitive" when exports exceed one of these limits. As per the statute, if imports of that article from that BDC fall below the above stated CNL in a subsequent year, the products can be considered for the re-designation.

5.3. USA GSP Scheme and India

India had rightfully been a BDC to USA GSP Program since long primarily on account of being highly labour intensive and export oriented. The benefit was available for several products including Vehicle and parts, Nuclear Reactors & Machinery, Articles of Iron or Steel, Carpets, Electrical machinery and so on. Gem and Jewellery products were also receiving the GSP treatment meaning thereby the products were imported in USA at preferential duty rates which resulted in increase in exports of the said products to USA significantly. During the years 2003-2007, the GSP imports of gems and jewellery in USA grew rapidly and this became the major commodity on India's GSP exports, accounting for 40% or more of the total GSP imports from India. Thereafter USA jewellery imports from India¹ under the GSP started declining.

1. ICREIR

The major cause for the decline in GSP imports from India was the revocation in 2007 of competitive need limitation waiver (originally granted in 2001) in respect of certain jewellery items (HSUS 71131929 and 71131950) and further revocation of the 2001 waiver in 2009 of another category (HSUS 71131925). The US took further action to exclude in 2009 one other category (HSUS 71131921) on account of the competitive need limitation. (Table 8)

Table - 8
Jewellery Products Excluded from the GSP Program

HS Code8 Digit	71131150	71131921	71131925	71131929	71131950
Products	Silver articles of jewellery and parts	Gold rope necklaces and neck chains	Gold mixed link necklaces and neck chains	Gold necklaces and neck chains (except of rope or mixed links)	Precious metal (except silver) articles of jewellery & parts, whether or not plated or clad with precious metal
CNLS Exclusion	2009	2009	2009	Before 2001	Before 2001
Waiver Granted			2001	2001	2001
Waiver Revoked			2009	2007	2007
MFN Tariff (2018)	5%	5%	5.8%	5.5%	5.5%

Source: Harmonized Tariff Schedule of the USTR (2018), Revision 4

5.4. Adverse impact of the exclusion of key gem and jewellery export commodities from GSP benefit by USA between 2007-2009

Eventually withdrawn of GSP benefit for the key jewellery products in the year 2007, 2008 and 2009 resulted attraction of MFN rate of around 5-6% at the USA customs territories and decline in exports of the various following high-volume jewellery exports from India.

- Articles of gold jewellery (HS Code 71131950)
- Gold rope necklaces and neck chains (HS code 71131921)
- Gold necklace and neck chains (HS code 71131929)
- Gold mixed links, necklaces and neck chains (HS code 71131925)
- Silver articles of jewellery and parts (HS code 71131150)

Impact of exclusion of commodities from GSP benefit (listed in table 9) can be easily understood from the USA imports of these commodities from India during the pre and post withdrawal of GSP benefit.

Overall Impact - The GJEPC has analysed that USA imports of the said commodities from India fell by around 28% from US\$2487.75 million in 2009 to US\$1793.61 million in 2018 (Table -9)

Table - 9

Jewellery Products Excluded from the GSP Program

HS Code 8 Digit	71131150	71131921	71131925	71131929	71131950	USA imports from India (US\$mn)
Products	Silver articles of jewelry and parts	Gold rope necklaces and neck chains	Gold mixed link necklaces and neck chains	Gold necklaces and neck chains (except of rope or mixed links)	Precious metal (except silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal	
CNLS Exclusion	2009	2009	2009	Before 2001	Before 2001	
Waiver Granted			2001	2001	2001	
Waiver Revoked			2009	2007	2007	
MFN Tariff (2018)	5%	5%	5.80%	5.50%	5.50%	
USA imports from India (US\$mn) 2009/2007	191.65	64.38	63.93	266.45	1901.34	2487.75
USA imports from India (US\$ million) 2018	301.05	11.38	3.75	81.12	1396.31	1793.61

Source : USITC and Harmonized Tariff Schedule of the USTR (2018), Revision 4



◆ **Commodity wise Impact -**

1. Gold rope necklaces and neck chains (HS code 71131921)
 - USA imports of Gold rope necklaces and neck chains from India decreased from US\$64.38 million in 2009 to US\$11.38 million in 2018 (HS code - 71131921) (Table -10)
2. Gold mixed links, necklaces and neck chains (HS code 71131925)
 - USA imports of Gold mixed link necklaces and neck chains from India declined from US\$63.93 million in 2009 to US\$3.75 million in 2018 (HS Code - 71131925) (Table -10)
3. Silver articles of jewellery and parts (HS Code 71131150)
 - This is only one commodity i.e. silver articles of jewellery and parts imports of which have witnessed a rise in USA from US\$191.65 million in 2009 to US\$301.05 in 2018. (Table 10)

Table-10

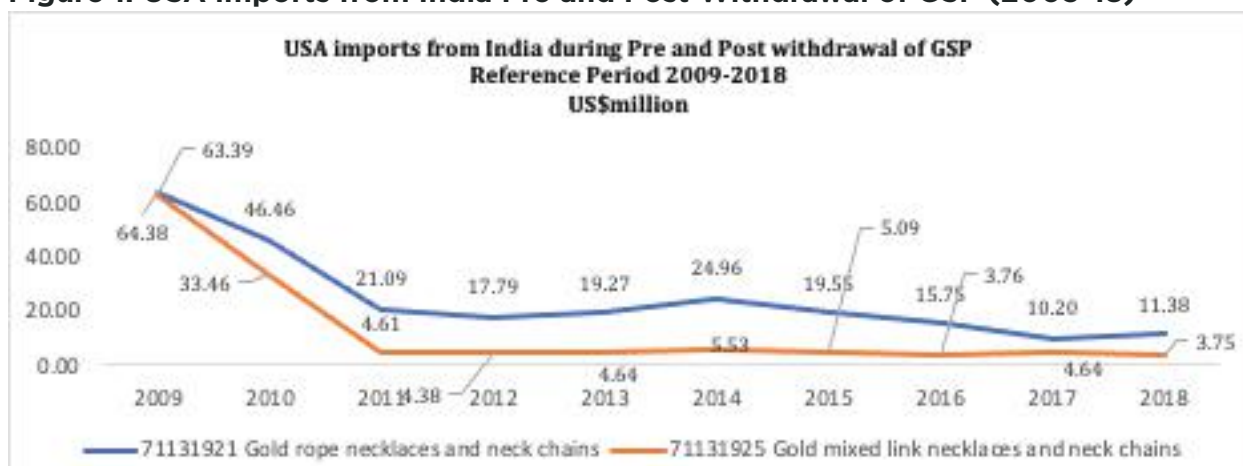
**US Imports of key jewellery products during pre and post withdrawal of GSP
Reference period : 2009-2018 (US\$million)**

HTS No.	Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
71131150	Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts	191.65	269.46	331.76	331.82	347.41	343.39	337.24	311.41	331.82	301.05
71131921	Gold rope necklaces and neck chains	64.38	46.46	21.09	17.79	19.27	24.96	19.55	15.75	10.20	11.38
71131925	Gold mixed link necklaces and neck chains	63.39	33.46	4.61	4.38	4.64	5.53	5.09	3.76	4.64	3.75

Source : USITC

The figure 1 depicts how, USA imports of key jewellery commodities from India have declined during the post withdrawal of GSP for the said commodities.

Figure 1: USA imports from India Pre and Post Withdrawal of GSP (2009-18)



Source : USITC

4. Gold necklace and neck chains (HS code 71131929)

Exports of Gold necklaces and neck chains (except of rope or mixed links) declined from US\$266.45 million in 2007 to US\$81.12 million in 2018. (HS Code - 71131929) (Table-11)

5. Articles of gold jewellery (HS Code 71131950)

Exports of Precious metal (except silver) articles of jewellery & parts, whether or not plated or clad with precious metal fell from US\$1901.34 million in 2007 to US\$1396.31 million in 2018 (HS code 71131950) (Table-11)

Table-11

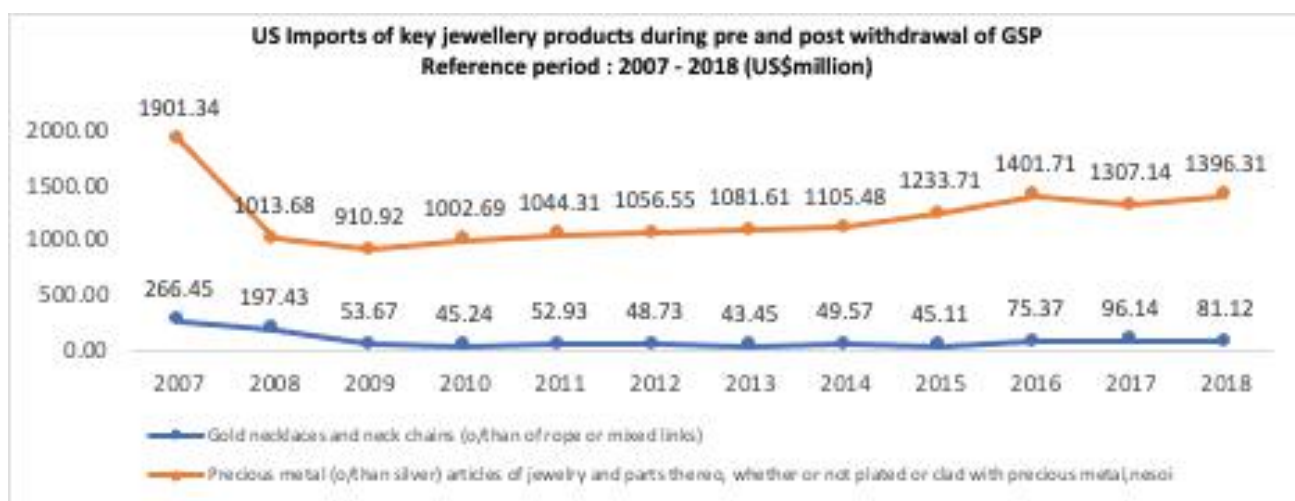
US Imports of key jewellery products during pre and post withdrawal of GSP
Reference period : 2007 - 2018

HTS No.	Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
71131929	Gold necklaces and neck chains (o/ than of rope or mixed links)	53.67	45.24	52.93	48.73	43.45	49.57	45.11	75.37	96.14	81.12
71131950	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	910.92	1002.69	1044.31	1056.55	1081.61	1105.48	1233.71	1401.71	1307.14	1396.31

Source : USITC

The figure 2 depicts how, USA imports of key jewellery commodities from India have declined during the post withdrawal of GSP for the said commodities.

Figure 2 : US imports of key G & J products pre and post withdrawal of GSP (2007-18)



Source :USITC

Countries where India's share has been shifted : This is based on the rising imports of USA from other countries during the last 10 years which is an indication of shifting of India's business to these countries due to the loss of duty advantage which was available with Indian exporters during the GSP regime.

USA imports of articles of jewellery have increased from China, France, Indonesia, Italy, Oman and Switzerland. USA Imports of gold necklace and neck chain have increased from Canada, Indonesia, Italy, Oman, Singapore South Africa, Turkey, Belgium, China and Dominican Republic. USA imports of Gold rope necklaces and neck chains have risen from Peru, Turkey and Indonesia. The country imports of Gold mixed links, necklaces and neck chains have increase from China, Italy, Indonesia, Oman, Thailand and imports of Silver articles of jewellery and parts have witnessed a significant rise from Thailand. (Table 12)

Table -12
Markets where India's Lost Exports has shifted

HS Codes	Commodity Description	In which markets shifted from 2007 to 2018
71131950	Articles of gold jewellery	Singapore, France, Indonesia, Italy, Oman, Switzerland (refer to annexure C - Table C1)
71131929	Gold necklace and neck chains	Canada, Indonesia, Italy, Oman, South Africa, Turkey, Dominican Republic. (refer to annexure C - Table C2)
71131921	Gold rope necklaces and neck chains	Peru, Turkey, Indonesia (refer to annexure C - Table C3)
7113925	Gold mixed links, necklaces and neck chains	China, Italy, Indonesia, Oman, Thailand (refer to annexure C - Table C4)
71131150	Silver articles of jewellery and parts	Thailand

Source: GJEPC based on UN Comtrade General Import Database as on 19th August 2020

*For more details of extent of shift to other markets refer to annexure C



5.5. Withdrawal of BDC Status for India or Complete withdrawal of GSP Benefit from July 2019

The council has assessed that after the termination of GSP designation of India by USA, exports of around 45 gem and jewellery commodities at HS code 8-digit level which were under the GSP-A and A*category² i.e. Duty-Free benefit for Beneficiary Developing Country (BDC) have started attracting the import duties in USA. (table 13)

Consequently, 45 gem and jewellery commodities for which GSP benefit was available in USA had terminated after the complete withdrawal of GSP benefit for India as a whole resulting in terms of escalated prices and reduced export competitiveness of these products (Refer annexure - A)

5.6. Countries still in the list of BDC for USA GSP program

Please take a note the following countries where India's gem and jewellery business have been shifted are still in the list of BDC for USA GSP Programme and hence duty benefit is still available to these countries. This might be one of the major reasons of loss of India's share in USA market.

- 1. Indonesia,**
- 2. South Africa,**
- 3. Dominican Republic and**
- 4. Thailand**



2. As per the Harmonized Tariff Schedule of the United States (2019) , HTSUS : The special code A in special column indicates that the commodity is eligible for GSP benefit for all the Beneficiary Developing Countries Including India

CONCLUSIONS AND SUGGESTIONS

Recent meeting with Indian Embassy, Washington, USA

This is to take a note that the analysis was conducted after having cautioned by Indian Embassy about falling USA imports of gem and jewellery products from India.

Therefore, this is in response to the Embassy, the GJEPC representatives had met Indian Embassy dated 10th September 2020, and discussed the findings of the detailed data analysis pertaining to USA imports from India and from rest of the world. After the presentation, the Council confirmed that the observations of the later pertaining to fall in USA imports from India in recent years and shifting to other markets is a fact and worrisome. The representatives of Indian Embassy found the data analysis is insightful; while at the same time suggested to conduct a scientific study to understand why the share of exports to US market is shrinking to come out with a workable solution. In this endeavour the Embassy has assured the Council of providing desired level of support during the conduct of the suggested study exclusively for the USA market.

Conclusions and Suggestions

United States of America (USA) is one of India's major export destinations for gem and jewellery products. While, in recent years USA imports from India have witnessed a decline and shifting to the other countries viz. Thailand, Turkey, Peru etc. The situation seems to be unfavourable for Indian gem and jewellery sector. Withdrawal of the GSP benefit by USA for India had led to a rise in import duty in the country and further reducing export competitiveness for Indian exporters as compared to other countries. This is one of the primary reasons for India's declining share in USA imports of gems and jewellery products.

At this backdrop, this is imperative to regain our share in the USA market. Few of the suggestions are indicated here below :

- Requesting the USA Government for decreasing import tariff on key Indian gems and jewellery commodities like Gold ,Silver and imitation jewellery as these commodities occupy a significant position in the India -USA gems and jewellery export.
- Reduction of tariffs on imports of cut and polished from 7.5 % to 2.5 % for USA since India imports 31% of its total imports of polished diamonds from USA so as to provide duty benefit to the country .
- Government should support Brand India Initiatives for gems and jewellery in the USA markets .
- As suggested by Indian Embassy we should extend the study in terms of empirically determine the factors of decline in USA imports from India and shifting to the other markets. This effort would enable us to reformulate our trade strategies pertaining to USA market. Furthermore, as suggested by Indian Embassy we should extend the study in terms of empirically determine the factors of decline in USA imports from India and shifting to the other markets. This effort would enable us to reformulate our trade strategies pertaining to USA market.

We are hopeful that by making the above efforts India may regain price advantage and exports of gem and jewellery in USA that were lost to other countries .

ANNEXURES

A List of 45 products

USA Imports of Gem and Jewellery Products from India on which following duty rates are now applicable after GSP withdrawal by USA - 2018

HS Codes	Product Description	USA Imports from India (US\$ million)	Category of GSP	Duty Rate Applicable for India after GSP Withdrawal
71031040	Precious stones (o/than diamonds) & semiprecious stones, simply sawn or roughly shaped	0.12	A	10.50%
71039950	Precious or semiprecious stones, nesoi, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mtd. or set	2.96	A	10.50%
71049050	Synth.or reconstruct. precious or semiprecious stones, wkcd, whether or not graded, but n/strung (ex.ungraded temp. strung), mtd./set,nesoi	0.64	A	6.40%
71069150	Silver, unwrought (o/than bullion and dore)	0.01	A	3%
71069250	Silver (including silver plated with gold or platinum), in semimanufactured form, nesoi	3.53	A*	3%
71070000	Base metals clad with silver, not further worked than semimanufactured	0.01	A	3.30%
71081370	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesoi	0	A	4.10%
71131110	Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewelry manufacture	2.02	A	6.30%
71131120	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts	9.61	A	13.50%
71131910	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	5.4	A	7%

71131930	Precious metal (o/than silver) clasps and parts thereof	4.85	A	5.80%
71132010	Base metal clad w/precious metal, rope, curb & like articles in continuous lengths, suitable for use in jewelry manufacture	0.03	A	7%
71132021	Base metal clad w/gold rope necklaces and neck chains	0.11	A	5.80%
71132025	Base metal clad w/gold mixed link necklaces and neck chains	3.45	A	5.80%
71132029	Base metal clad w/gold necklaces and neck chains, nesoi	0.11	A	5.20%
71132030	Base metal clad w/precious metal clasps and parts thereof	0.03	A	5.80%
71132050	Base metal clad w/precious metal articles of jewelry and parts thereof, nesoi	1.1	A*	5.20%
71141110	Knives with handles of silver, whether or not plated or clad with other precious metal	0.01	A	2.80%
71141120	Forks with handles of silver, whether or not plated or clad with other precious metal	0	A	2.70%
71141130	Spoons and ladles with handles of sterling silver	0	A	3.30%
71141140	Spoons and ladles (o/than w/sterling silver handles) of silver, whether or not plated or clad w/other precious metal	0.02	A	3.50%
71141150	Tableware, nesoi, of sterling silver	0.19	A	3.30%
71141160	Articles of silver nesoi, for household, table or kitchen use, toilet and sanitary wares, including parts thereof	0.05	A*	3%

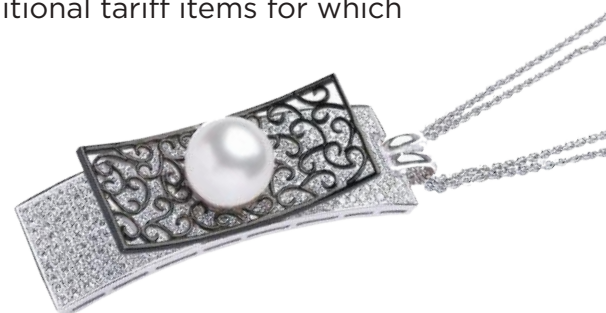


HS Codes	Product Description	USA Imports from India (US\$ million)	Category of GSP	Duty Rate Applicable for India after GSP Withdrawal
71141170	Silversmiths' wares (other than for household/table/kitchen use & toilet and sanitary wares) of silver, nesoi	0.84	A	3%
71141900	Precious metal (o/than silver) articles, nesoi, whether or not plated or clad with other precious metal, nesoi	0.13	A	7.90%
71142000	Goldsmiths' or silversmiths' wares of base metal clad with precious metal	0.37	A	3%
71159030	Gold (including metal clad with gold) articles (o/than jewelry or goldsmiths' wares), nesoi	0.49	A	3.90%
71159040	Silver (including metal clad with silver) articles (o/than jewelry or silversmiths' wares), nesoi	0.5	A	3%
71159060	Articles of precious metal (o/than gold or silver), including metal clad with precious metal, nesoi	0.01	A	4%
71161010	Natural pearl articles	0	A	3.30%
71161025	Cultured pearl articles	0.02	A	5.50%
71162005	Jewelry articles of precious or semiprecious stones, valued not over \$40 per piece	8.81	A	3.30%
71162015	Jewelry articles of precious or semiprecious stones, valued over \$40 per piece	6.06	A	6.50%
71162030	Semiprecious stones (except rock crystal), graded and strung temporarily for convenience of transport	2.91	A	2.10%
71162035	Semiprecious stone (except rock crystal) figurines	0.57	A	4.50%
71162040	Semiprecious stone (except rock crystal) articles (other than jewelry and figurines)	3.96	A	10.50%

71171100	Cuff links and studs of base metal (whether or not plated w/precious metal)	0.07	A	8%
71171915	Rope, curb, cable, chain, etc., of base metal (whether or n/plated w/prec. metal), val. n/over 33 cents/meter for jewelry mfr.	0.09	A*	8%
71171920	Rope, curb, cable, chain, etc., of base metal (whether or n/plated w/prec. metal), val. o/33 cents/meter, for jewelry mfr.	0.06	A	11%
71171930	Religious articles of a devotional character, design. to be carried on the person, of base metal (whether or not plated with precious metal)	0.22	A	3.90%
71171990	Imitation jewelry (o/than toy jewelry & rope, curb, cable, chain, etc.), of base metal (wheth. or n/plated w/prec.metal), nesoi	15.94	A	11%
71179020	Rosaries and chaplets of a purely devotional character for personal use, of a material o/than prec. or base metals, nesoi	0.06	A	3.30%
71179030	Religious articles of a purely devotional character designed to be carried on the person, nesoi	0.17	A	3.90%
71179055	Imitation jewelry nesoi, not of base metal, n/o 20 cents/doz. pcs or pts	0.11	A	7.20%
71179090	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/doz- en pcs or pts	10.9	A	11%
USA Total Imports of selected Gem & Jewellery Products from India			US\$ 86.54 million	

Source: USITC

Notes: Symbol "A" indicates that all GSP countries are eligible
Symbol "A*" indicates that certain GSP countries are ineligible
Symbol "A+" indicates that approximately 1500 additional tariff items for which only the LDBDCs are eligible



B. Extent of Shift to Other Markets (4. Markets where India's % share has shifted)

Table B1 - 71131110 Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewelry manufacture

Countries	2015	2019
India	1.31	0.90
Italy	2.82	3.53
China	0.52	0.86
Germany	0.05	0.22

It has been observed that USA's imports of silver rope from Indian markets has declined from US \$ 1.31 million to US \$ 0.90 million during the span of 4 years from 2015 to 2019. USA imports of silver ropes from countries shifted to the markets in Italy ,China and Germany .

Table B2 - 71131910 Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture

Countries	2015	2019
India	4.73	4.62
Peru	2.66	5.99
Italy	2.17	5.20
Turkey	1	3.97

The USA's imports of precious metals (o/ than silver)from India declined marginally from US\$ 4.73 million to US \$ 4.62 million during the span of 4 years from 2015 to 2019 . The markets for precious metals (o/ than silver) shifted to the countries of Peru , Italy and Turkey as USA's imports of this product increased within the same period especially turkey whose market share increased rapidly from 2015 to 2019 among these 4 countries

Table B3 - 71131921 Gold rope necklaces and neck chains

Countries	2015	2019
India	19.55	11.50
Indonesia	0.19	6.89
Peru	25.82	125.86
Turkey	5.12	17.83

India recorded the maximum decline in the gold rope ,necklaces and neck chains segment where USA's imports of the product declined from US\$ 19.55 million to US \$ 11.5 million from 2015 to 2019. The Gold ropes,necklaces and neck chains markets shifted to Indonesia ,Peru and Turkey as USA's imports increased for this product from these countries especially Indonesia where USA's imports of the product increased from US\$ 0.19 million to US\$6.89 within the same period.

Table B4 - 71131925 Gold neck mixed rings, necklaces and neck chains

Countries	2015	2019
India	5.09	4.71
China	9.98	10.42
Hong Kong	5.22	7.23
Oman	0.38	17.48
Turkey	1.08	7.82
Peru	0.84	1.86
France	0.77	8.35

USA's imports of gold mixed links necklaces and neck chains and declined from US\$ 5.09 million to US\$ 4.71 million during the span of 4 years from 2015 to 2019 . The Gold mixed link necklaces and neck chains market shifted to the countries of China , Honk Kong , Oman

, Turkey , Peru and France .USA's imports of the product from Oman increased from US\$ 0.38 million to US\$ 17.48 million making it the biggest gainer in this segment within the same period

C : Markets where India's Lost Exports has shifted

(Impact of GSP withdrawal by USA for Indian G&J products on India's position in USA market.)

Table C1 71131950 Articles of gold jewellery

Countries	2007	2019
India	1901	1491
France	246	854
Indonesia	60	117
Italy	453	515
Jordan	24.31	36.2
Lebanon	15	35
Oman	61	160
Pakistan	15	70
Singapore	16	34
South Korea	19	32
Switzerland	70	111
Vietnam	10	43

USA's imports of articles of Gold jewellery from India declined from US\$ 1901 million in 2007 to US\$ 1491 million . The Articles of gold jewellery market in turn shifted to the countries of France, Indonesia ,Italy ,Jordon, Lebanon ,Oman ,Pakistan , Singapore ,South Korea

,Switzerland and Vietnam as USA imports of articles of gold jewellery increased rapidly in this segment from 2007 to 2019 especially Pakistan and Vietnam who emerged as the biggest gainers among these countries .

Table C2 71131929 Gold necklace and neck chains

Countries	2007	2019
India	267	113
Canada	11	36.33
Dominican Republic	21	104.41
France	71	84
Indonesia	22	228
Italy	218	253.32
Oman	12.10	44
South Africa	24.13	116
Turkey	113.4	180

It was observed that the imports of Gold necklaces and neck chains of USA from India declined significantly from US\$ 267 million to US\$ 113 million in a span of 12 years from 2007 to 2019. USA's imports of gold necklaces and neck chains shifted to the markets of Canada, Dominican Republic , France ,Indonesia ,Italy ,Oman ,South Africa and Turkey who became the top suppliers of the USA in this segment within the same period .The proportion of Indonesia and Dominican republic share in USA's imports of gold necklaces and neck chains was the highest within the same period among these countries .

Table C3 71131921 Gold rope necklaces and neck chains

Countries	2009	2019
India	64.38	11.50
Indonesia	0.72	7
Peru	10.12	126
Turkey	5	18

The imports of gold ropes ,necklaces and neck chains of USA from India declined from US\$ 64.38 million in 2009 to US\$ 11.5 million in 2019 which reflected a significant decline in India's share within this segment . Indonesia ,Peru and Turkey in turn became the preferred estinations of USA's imports of Gold rope necklaces and neck chains in a span of 10 years from 2009 to 2019 .

The USA's imports of gold rope necklaces and neck chains from Peru increased from US\$ 10.12 million to US\$ 126 million from 2009 to 2019 among these countries making it the most preferred destination of USA's imports in this segment .

Table C4 7113925 Gold mixed links, necklaces and neck chains

Countries	2009	2019
India	64	4.71
China	4.15	10.42
Italy	6.61	13.12
Indonesia	5	10.32
Oman	0.75	17.48
Thailand	2.96	5.02

The USA's imports from India in the gold mixed links ,necklaces and neck chains segment recorded the maximum decline as the imports fell from US\$ 64 million to US\$ 4.71 million from 2009 to 2019 shifting to the markets of China ,Italy , Indonesia ,Oman and Thailand within the same period .

Oman and Thailand became the most preferred import destinations of USA in the gold mixed links , necklaces and neck chains segment among these countries within the same period.

Guidance By

Mr. Sabyasachi Ray

Executive Director,
GJEPC

Prepared By

Ms. Rashmi Arora

Assistant Director
(Economist)
Statistics Department, GJEPC
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 report titled '**India-USA Trade Relations - Trends and Observations**' is prepared by the Gems and Jewellery Export Promotion Council (GJEPC) for general guidance and information purposes only and should not be reproduced or decentralized to others without the permission of Gems and Jewellery Export Promotion Council .

Though, each effort is formed to confirm the accuracy and completeness of data contained ,the GJEPC takes no responsibility and assumes no liability of any error /omission or accuracy of the report .Readers of the report should consider professional advice or analyse their own judgement and conclusion before making any decision.

Gems and Jewellery Export Promotion Council (GJEPC)

ALL RIGHTS RESERVED

February 2021



THE GEM & JEWELLERY EXPORT PROMOTION COUNCIL

Head Office and 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

www.gjepc.org