

Report on Road Show (IJS 2016) in Shenzhen and one to one meetings in Shanghai and Beijing from 31-05-2016 to 03-06-2016.

China has been a very big market for intermediate goods of Gems & Jewellery sector though the loose Diamonds and loose Coloured Gemstones from India have always been high demand in China. Though the direct export to mainline China is very low but the indirect export through Hong Kong is highest among all countries. Though the Chinese economy is robust but due to global recession there also affected.

China is economic power house had Gross National Income of US\$: 16.08 trillion in the year 2013. Though facing economic slowdown but the sheer size of its economy is placing it next to USA. During the year 2015 its export of Gems & Jewellery was US\$: 29 billions and import was US\$: 18 billions (source US customs). The export as well as import recorded the negative growth of 57.10% and 53.80 % respectively over the year 2014. In the current year during the period January to April the negative growth trend has been arrested to some extent the import are 7.93 % less than the same period of the year 2015 and exports are less by 15.99% over the same period of the year 2015.

Chinese manufactures have been sourcing Diamonds and Coloured Gemstones from India and the IJS and Signature IJS shows have been drawing many Chinese buyers every year. Shenzhen is the main centre for manufacturing of jewellery. Council have been organising Road Shows in Shenzhen previously. Besides the India Pavilion in various shows in Hong Kong attract many buyers from Shenzhen.

The National Exhibition Committee decided to promote the IJS 2016 in China this year as it was done during the year 2012, 2013 & 2014, consequent to the decision it was decided to organise a Road Show in Shenzhen and one to one meetings with company representatives at Shanghai and Beijing from 31st May to 03rd June, 2016.

Shenzhen is the main manufacturing hub for jewellery in China. Its geographical closeness to Hong Kong gives it advantage of trading their both ways i.e procuring Raw Material from Hong Kong as well as distributing finished goods to Hong Kong.

Beijing and Shanghai being largest cities and have largest retail consumers in Gems & Jewellery. Looking at the importance of Chinese market the Council has appointed a co-ordinator there for last many years and currently the position is occupied by Ms. Jia Xiaoyi Becky who has been serving the interest of Indian industry in China.

Road Show in Shenzhen on 31st May, 2016

The Road Show in Shenzhen was organised which was attended by 80 people representing 60 companies. In its opening remarks the Consul General of India at Guangzhou Mr. Y.K. Sailas Thangal applauded the Council's efforts in China for promoting the Indian export of Gems & Jewellery business in China and assured that all the possible help from the Consulate will be extended to the Indian industry by the Consulate.

He laid the stress that India has tradition for jewellery and has manufacturing capabilities also so China can be a very good a market for Indian Diamonds and Coloured Gemstones. The Council's Representative Mr. Sanjay Singh gave a Power Point Presentation on Indian industry and IJS 2016. He extended the invitation to all participants for visiting IJS 2016.

Question & Answer Session: Many questions pertaining to IJS and Indian bilateral trade which were answered jointly by the Consul General and Mr. Sanjay Singh. The mixing of CVD and HPHT Diamonds was also raised by the industry representatives, which was satisfactorily replied by the Consul General. Mr. Sanjay Singh reiterated that Council is in favour of complete disclosure in the export invoice if it contains the CVD and HPHT Diamonds. It is pertinent to note that for the small size of diamonds certification from NGTC is costly affair.

Meetings in Shanghai

- (i) The first meeting was in "Lao Feng Xiang Jewellery" in Shanghai which owns very old brand of China as the company was established in the year 1848, it has got more than 3000 retail stores all over China whose sales turnover was 355 Billion CNY and for the current year they have set a target of 368 Billion CNY. It is estimated that their turnover is approximately 10% of total size of Chinese market and they have factories in Shenzhen and Guangdong.

The meeting was held with Mr. Lu-Xio Chun , General Manager and Mr. Gao- Qi-Feng, Vice General Manager they were invited to visit IJS 2016.

- (ii) The second meeting was held with Hua Chang Jewellery the company had its own jewellery museum and have displayed the jewellery of Jade. They have their own design section where such jewellery is designed but all jewellery was having Chinese designs most of them with made of Jade.
- (iii) M/s.Dragon & Phoenix Jewellery: They are more in Silver jewellery being manufacturing in China itself and also have tie-up with Disney Land in Shanghai to manufacture and sell the Gold & Silver Souvenirs in Shanghai. The Disney land is recently opened in Shanghai; they are coming up with very large retail outlet in the Shanghai market. There is a scope for Indian manufacturers also to develop the jewellery of Chinese taste and displayed it in retail area of Dragon & Phoenix.
- (iv) The last meeting of Shanghai A& C Gems & Jewellery I/E Company Limited: The meeting was held with Mr. Huang Yi, Deputy General Manager of the company. They are manufacturers of high end jewellery with the price range of 30000 CNY to 50000 CNY per piece. They procure high quality Diamond, Emerald, Ruby and Sapphire. Mr. Huang Yi informed that he is also an expert advisor of Shanghai Gems & Jade Exchange which is likely come in four months time and will function just like Shanghai Diamond Exchange but only for Jade and Coloured Gemstones.

Meetings in Beijing

- (i) The first meeting on 1st June, 2016 with Ms. Athena Wi-hua Chen, Editor of Magazine "China Gems". Ms. Chen has visited IJS earlier but for last year she was not been hosted by the Council, The Magazine China Gems is widely circulated in China among Gem & Jewellery trade.

Meeting with Gem & Jewellery Trade Association of China (GAC)

- (ii) Meeting held with Mr. Long Men Hee, Director International Corporation Department, Ms. Queena Liu, Assistant Director. The association was established in the year 1991, Mr. Long Men Hee was requested to impress upon their government to reduce the duty structure in China as there is Customs duty of 8%, Consumption Tax 10% and VAT of 7% respectively on Gems & Jewellery products.
- (iii) Meeting with M/s. Bernina Jewellery which is a Swiss owned company, meeting was held with Ms. Ora Yang, Managing Director and Mr. James, Chief Operating Officer. They are manufacturing high jewellery for their customers.
- (iv) Meeting with Mr. Yuan Yong Ping, General Manager of M/s. Yimay Industrial Holding Group, they are mainly in Jade items and Jade Jewellery and the main retail business of Jade Jewellery.
- (v) Meeting with Mr. Tao Libing the owner of M/s. Shani Jewellery having very small manufacturing unit in Beijing, they are buying Diamonds from Mumbai. Mr. Tao is frequent visitor Mumbai for Diamonds. However, for Coloured Gemstones since the requirements are small he prefers to visit Thailand as it is close to China and easy to travel there.

Meetings on 03/06/2016

- (i) The first meeting was with M/s. Gu-Hua Jewellery which is a government owned company in Beijing and Ms. Wang Hi, General Manager and Mr. Liu Ying , Planning Manager was present in the meeting. The company has got three stores in Beijing and the maximum sales in their stores are of Plain Gold Jewellery in Chinese designs followed by Plain Platinum Jewellery, Diamond Jewellery and Coloured Gemstones jewellery. Invitation was extended to them for visiting IJS 2016.
- (ii) Meeting with Mr. Cui Jianguo, Vice Chairman and Ms. Liu Yang hung, Deputy Secretary General of M/s. China Gold Association was held on 03rd June, 2016. The association has support of Chinese Government. It has more than 600 members, 90% of the manufacturing in China is from their members as well as their members having 80% of the total gold refining capacity of China. The production of the members is having increasing since last eight years.

Mr. Cui Jianguo informed that “China Gold Congress and Expo” is going to be held in Beijing from 26-28th July, 2016 and wanted the Council to bring a delegation to their Congress. He also expressed his desire to increase the relationship between Association and Council.

- (iii) A visit to retail store of China Gold Group was also done by Council’s representative Mr. Sanjay Singh, the store was spread in a large campus of two floors and they are selling Gold & Silver jewellery with Chinese design.
- (iv) A meeting was held with Ms. Jio Yuhang owner of M/s Tong High Jewellery; their brand was awarded “China Time Honoured Brand”. They have factory in Beijing and their brand is famous in China and they are mainly doing business in Plain Gold and Silver Jewellery. They were invited to visit IIJS 2016.
- (v) Meeting with Ms. Chitrangna Singh, Second Secretary (Trade & Commerce) in the Embassy of India in Beijing. She was briefed about the visit of Council’s representative Mr. Sanjay Singh and was requested to help the Chinese business man for visiting the IIJS.

Recommendations:

- Beijing and Shanghai are not manufacturing hub for Gems & Jewellery. So there is very less consumption of loose diamond and coloured gemstones in these cities. Hence there is very little scope for IIJS promotion.
- Due to high tax structure on import of Indian jewellery will not able to compete the Chinese jewellery unless there is an FTA between India and China on Gold & Silver jewellery.
- A small BSM can be organised in Shanghai for jewellery which can withstand the effect of the duty.
- Shenzhen being the manufacturing hub of jewellery, there always a scope for loose diamond and coloured gemstones, so IIJS promotion should be more concentrated in Shenzhen.
- We have to take care of sensitivity of Chinese people while mentioning about Hong Kong in China. In China we should present Hong Kong as part to China not separately.
- The Cooperation between Council and National Gems Testing Centre (NGTC) of China should be increased so that the quality and grading of certificate issued by the Council run laboratories be accepted as at par with NGTC of China.
