

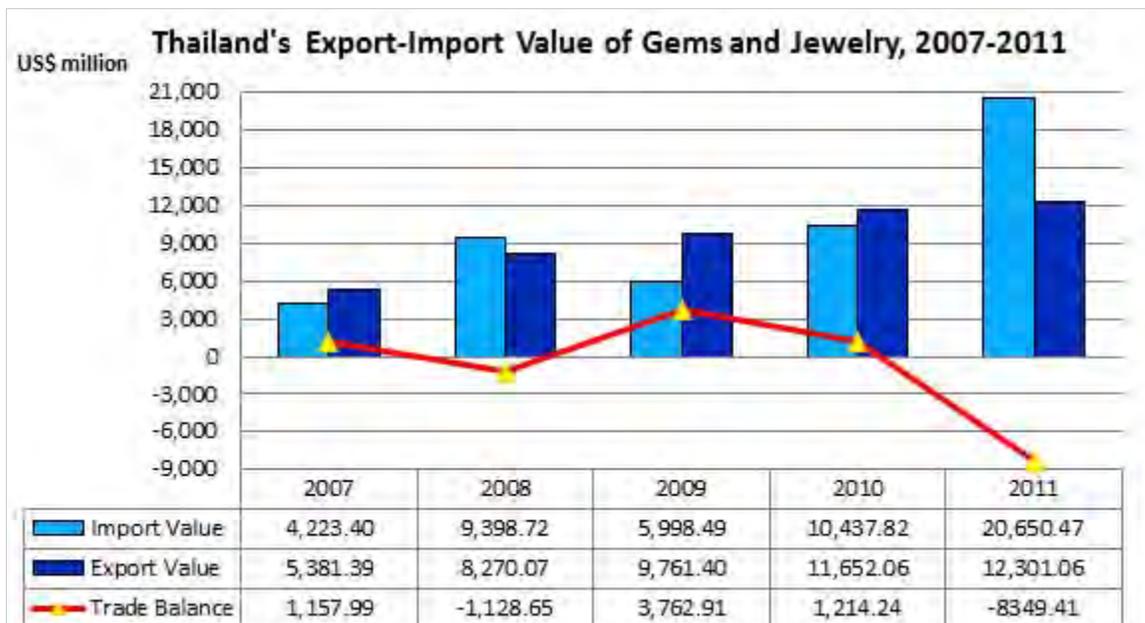
Gems and Jewelry

December 2008, Updated July 2012

With its centuries-old reputation for superb craftsmanship and its strong manufacturing base, Thailand has become one of the world's top exporters of gems and jewelry. In 2011, the industry's exports totaled US\$12.3 billion, ranking gems and jewelry among Thailand's most important export products. Gems and jewelry production plays a crucial role in the Kingdom's economy through the creation of jobs and development of related industries such as gem cutting, gem-cutting equipment, jewelry design, mining and packaging. The industry's workforce of 1.3 million includes 50,000 gem mine workers and is comprised of gem lapidaries (76% of workforce), component craftsmen (23%) and diamond lapidaries (1%). There are about 700 factories registered with the Department of Industrial Works, 80% of which are small and medium enterprises (SMEs).

Industry Overview

In 2011, Thailand's overall trade in gems and jewelry products amounted to US\$32.95 billion, up 33% from US\$22.08 billion the previous year.



Source: Gem and Jewelry Institute of Thailand

Exports

In 2011, Thailand's gems and jewelry exports increased 5.57% to US\$12.30 billion, up from US\$11.65 billion in 2010. The industry is Thailand's fourth highest export earner, accounting for nearly 5.38% of total export value. The export value of gems and jewelry, excluding unwrought and semi-manufactured gold, increased by 24.15%.

Representing 48% of export revenue at US\$5.89 billion, unwrought/semi-manufactured gold was the most significant sector within the gems and jewelry industry in 2011.

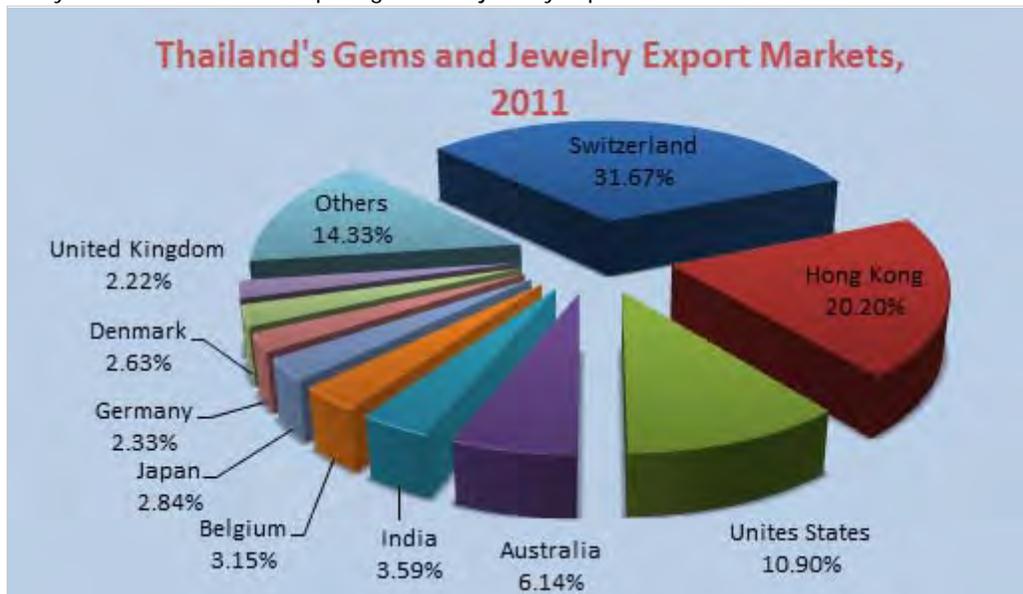
Jewelry held the second position, accounting for 30% of export value on 18.27% annual growth. Within the fine jewelry sector, gold jewelry saw 21.52% growth in 2011 and had the highest export value at US\$1.96 billion. Gold jewelry exports surged on increased shipments to major markets such as the United States (up 8.84%) and Hong Kong (up 32.24%) and the emerging market of India (growing by 1.2 times). Silver jewelry export value grew 18.05% in 2011 to US\$1.54 billion. Shipments to the United States as the top market shot up by 26.44%. Platinum jewelry exports saw soaring growth of 32.72% to US\$55.5 million in value.

Diamonds came in third with an export value of US\$1.46 billion. The sector represents 11.88% of the industry's exports. Polished diamonds, the most important export item in the category, increased by 38.19% to US\$1.25 billion.

Other significant categories were colored stones, costume jewelry and polished precious stones, which grew 27.79%, 22.82% and 44.47%, respectively.

In 2007, the United States accounted for 19% of Thailand's gems and jewelry exports and remained the largest export market, despite official removal of the General System of Preferences (GSP). Other important markets are Hong Kong, Australia, Switzerland and Israel. In 2007, the export value of Thailand's gems and jewelry to Hong Kong, Australia and Switzerland rose 145%, 112% and 181%, respectively. The bulk of this increased trade was in unwrought/semi-manufactured gold, including a tripling of Thailand's unwrought/semi-manufactured gold to Hong Kong and Switzerland. At the same time, the export value of diamonds to Israel and Belgium increased by 3% and 0.4%, respectively.

In July 2007, the United States began to levy import tariffs on precious metal jewelry at a rate of 5.5%. While this negatively affected Thailand and its competitors, including China and India, Thailand's exports still increased 12% and the country remained one of the top 10 gems and jewelry exporters to the United States.



Source: Gem and Jewelry Institute of Thailand

Imports

The value of gems and jewelry imported into Thailand reached US\$20.65 billion in 2011, up 97.84% from a year earlier. The dramatic increase was due to investors shifting their attention to unwrought/semi-manufactured gold as a reliable asset during the global economic slowdown.

In 2011, unwrought/semi-manufactured gold imports totaled US\$16.46 billion, 79.74% of Thailand's total gems and jewelry imports. With an 8.99% share, diamonds were Thailand's second largest gems and jewelry import at US\$1.85 billion, up 139.95% from 2010.

The next import items in terms of value were silver, jewelry and colored stones. They represented shares of 4.83%, 3.51% and 1.52%, respectively.

Import Value of Gems and Jewelry to Thailand, 2010 – 2011

Category	Value (US\$ million)	
	2010	2011
1. Unwrought or Semi-Manufactured Gold	7,848.61	16,465.82
2. Diamonds	773.41	1,855.84
2.1 Rough	170.42	396.27
2.2 Polished	596.05	1,452.10
2.3 Others	6.94	7.46
3. Silver	758.23	996.56
4. Jewelry	547.58	724.04
4.1 Silver jewelry	60.92	72.93
4.2 Gold jewelry	457.16	607.92
4.3 Platinum jewelry	5.43	11.06
4.4 Others	24.06	32.13
5. Colored Stones	273.16	313.97
5.1 Rough Stones	9.90	14.24
5.2 Polished Precious Stones	127.09	168.74
5.3 Polished Semi-Precious Stones	136.17	130.99
6. Synthetic Stones	70.18	86.94
7. Others	166.65	207.31
Total (1+2+3+4+5+6+7)	10,437.82	20,650.47

Source: Gem and Jewelry Institute of Thailand

Switzerland was the largest source of imported gems and jewelry with 36.40% of the total in 2011. Substantial imports also came from Australia (13.68%) the United States (9.16%), Japan (8.68%) and Hong Kong (5.07%).

SUCCESS STORY

“The Danish company Georg Jensen has moved a factory to Chiang Mai Province in Thailand to tap a pool of highly skilled labor in the gems and jewelry industry at low wages. Thailand’s strategic location enables Georg Jensen in Chiang Mai to be a hub for the company’s Asia-Pacific operations. As an excellent Board of Investment (BOI) privilege, Georg Jensen is located in a duty-free zone to receive tax and duty exemptions.” — Mr. Lars Rensch Nielsen, general/factory manager of Georg Jensen Thailand

OPPORTUNITIES

Thailand’s gems and jewelry industry has emerged as a major international player in production, processing and trading. Even while undergoing rapid growth, the industry in Thailand still has plenty of room for development.

The fine jewelry industry is labor-intensive and relies on skilled craftsmanship, beautiful designs and modern technology to produce jewelry competitive in international markets. Multinational corporations can leverage Thailand’s unique advantages, including high-quality Thai artisanship in the areas of cutting and polishing colored stones and diamonds, sufficient supply of skilled workers at low cost, natural resources, and government promotion.

Thailand has established itself as a competitive production base. Many world-class firms have relocated their operations to Thailand to reduce production costs and benefit from the well-known delicate craftsmanship of Thais. The global luxury brand Georg Jensen chose Thailand as its production base as well as its Asia-Pacific distribution center. Pandora also decided to relocate operations to Thailand seeking artistry in gem cutting, polishing and setting.

Polished diamonds from Thailand are admired around the world for their high quality. Diamond polishing requires skilled craftsmanship and the operation of sophisticated machines. There is an opportunity for foreign firms to utilize Thailand’s expertise by investing in facilities and equipment with the support of Thailand’s BOI.

WHY THAILAND?

Competitive workforce – Thailand possesses relatively low labor costs and plenty of high-quality artisans. Increasingly gaining worldwide acceptance is the “Bangkok Cut” technique, particularly for small diamonds. Thailand also is the largest center for man-made jewelry manufacturing in the world.

“Thailand holds a unique place in the world’s gems and jewelry industry. Our ancestors’ skills have been passed from one generation to another, and over time we have become one of the major gems and jewelry producing countries in the world.” – Mr. Ponrchai, president of the Thai Gems and Jewelry Traders Association

World-leader of colored stones polishing – Thailand is among the world’s top five sources of colored stones. Moreover, Thai workers are so exceptionally skilled in gemstone heat treatment and polishing that colored stones from across the world have been sent to Thailand for polishing and enhancement.

Gems and jewelry clusters – Thailand has various clusters for manufacturers of gems and jewelry. The majority of manufacturers are located in Bangkok, Chanthaburi, Kanchanaburi, Changmai, Phayao, Ubon Ratchathani and Phuket. Clusters of gems and jewelry producers have formed around gem processors, training institutions and retail jewelry companies, and have been recognized as international centers for gemstone processing and trading. Gemopolis is a particular industrial estate located in Bangkok, with over 100 companies for a complete gems and jewelry supply chain in the compound. Seventy of these firms are foreign, including companies from India, Europe and Asia that have established regional bases at Gemopolis.

Gemstone resources – Thailand possesses notable gemstone resources. Sapphires have been discovered in the provinces of Kanchanaburi, Chanthaburi, Si Saket, Ubon Ratchathani, Phrae, Phetchabun and Sukhothai. Rubies are mainly located in Kanchanaburi and Ubon Ratchathani.

Access to markets – Thailand has successfully negotiated many free trade agreements, including those with ASEAN member nations, Australia, New Zealand and Japan. Thailand’s prime location in the heart of Southeast Asia and its membership in the ASEAN Economic Community (AEC)_that will launch in 2015 allow access to the AEC’s market of 600 million people. The Japan-Thailand Economic Partnership Agreement will further increase the size of potential export markets for the gems and jewelry industry.

Modern infrastructure and excellent logistics – Thailand hosts many industrial estates which focus on the gems and jewelry industry, providing state-of-art facilities. Thailand’s new international airport, extensive road networks and world-class deep sea ports make exporting gems and jewelry easy and efficient.

Excellent support – The Thailand Board of Investment offers many attractive non-tax and tax incentives to investors. Other organizations supporting the continued development of the gems and jewelry industry in Thailand include:

- Gems and Jewelry Industries Center, under the Department of Industrial Promotion of the Ministry of Industry
- Department of Export Promotion, under the Ministry of Commerce
- Gem & Jewelry Institute of Thailand
- Thai Gem & Jewelry Traders Association
- Thai Diamond Manufacturers Association
- Thai Gem & Jewelry Manufacturers Association
- Chanthaburi Gem & Jewelry Association
- Indian-Thai Diamond and Colorstone Association
- Thai Diamond Manufacturers Association
- Gold Traders Association
- Thai Jewellers Association
- Jewel Fest Club
- Thai Silver Exporter Club
- Gemopolis industrial estate
- Gemological Institute of America Research Thailand (GRT)
- Asian Institute of Gemological Sciences
- IGI Bangkok, Thailand International Gemological Institute
- Gem and Jewelry Institute of Thailand