

**Thailand Diamond Industry Review 2017**

Diamond is a significant export product of Thailand. In 2017, diamond’s export value ranked the third among other products under the gem and jewelry category with a share of 12.19 percent of the gross export value. Diamond was behind unwrought or semi-manufactured gold and fine jewelry which earned a 44.54 and 28.61 percent share respectively. Export value of diamond in 2017 was at USD 1,564.73 million, a 6.39 percent decrease because export value of polished diamond, the key export product of this segment, decreased by 6.29 percent with the export value of USD 1,471.22 million. Regarding importation, Thailand’s diamond import value ranked the second of the gem and jewelry product category with a 12.22 percent share of the gross import value. It followed unwrought or semi-manufactured gold which earned a 73.13 percent share. Diamond import value was at USD 1,843.25 million, an over 1.37-fold growth. Most of the diamonds imported were polished diamonds with over 1.87-fold growth. Apart from generating revenue for the country, diamond industry also creates a great number of job opportunities. It is anticipated that at least 4,000 diamond polishers are employed nationwide. Furthermore, the industry contributes to employment of many thousands workers in other related industries.

**1. Export**

In 2017, Thailand’s diamond export was at USD 1,564.73 million, a 6.39 percent decline. The dominant product was polished diamond with an around 94 percent share of the overall diamond export value of USD 1,471.22 million, a 6.29 percent decrease year-on-year. Rough diamond, the following product, also fell by 7.98 percent. Its export value totaled USD 92.80 million.

Table 1: Thailand’s Diamond Export Value 2015-2017

Product	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. Rough Diamonds	158.97	100.85	92.80	8.94	6.03	5.93	-36.56	-7.98
2. Polished Diamonds	1,616.48	1,569.92	1,471.22	90.95	93.92	94.02	-2.88	-6.29
3. Industrial Diamonds	1.97	0.83	0.71	0.11	0.05	0.05	-57.87	-14.46
<b>Total</b>	<b>1,777.42</b>	<b>1,671.60</b>	<b>1,564.73</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-5.95</b>	<b>-6.39</b>

Source: Thai Customs Department, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

Thailand’s polished diamond export value suggests that export value to most of the markets decreased as illustrated in Table 2. It was partly because of recessive demand of the global market caused by the world’s economic condition. Additionally, consumers were increasingly worried about a large number of synthetic diamonds mixed with natural diamonds on the markets. Thus, they became unsure of buying polished diamonds. It could also be due to changes in consumer behaviors, especially that of American consumers who have increasingly bought lab-grown diamonds. Furthermore, average prices of diamonds fell. The average prices of 0.3-karat and 0.5-karat diamonds fell by 0.1 and 17.8 percent respectively. The average price of 1-karat diamonds decreased by 5.3 percent compared to the previous year (RAPAPORT, January 2018). These causes contributed to decreases in Thailand’s export value to key markets. Hong Kong, the market with the highest share



of almost 48 percent, declined 8.41 percent. Thailand's export value to Belgium, the UAE, and the US, ranking the second, fourth and fifth, fell by 0.55, 20.67, and 17.88 percent respectively. India, the third most important market, grew favorably for the second consecutive year. It was partly because Indian companies located in Thailand exported the products back to their parent company in India for domestic distribution and exportation to trading partner countries.

Table 2: Thailand's Polished Diamond Export Markets 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. Hong Kong	735.73	761.35	697.29	45.51	48.50	47.40	3.48	-8.41
2. Belgium	303.24	271.63	270.15	18.76	17.30	18.36	-10.42	-0.55
3. India	138.47	168.39	185.98	8.57	10.73	12.64	21.61	10.44
4. The United Arab Emirates	77.72	95.69	75.91	4.81	6.10	5.16	23.12	-20.67
5. The United States	108.67	88.12	72.37	6.72	5.61	4.92	-18.90	-17.88
6. Israel	78.32	80.07	61.90	4.84	5.10	4.21	2.24	-22.69
7. Japan	77.49	37.21	48.30	4.79	2.37	3.28	-51.98	29.78
8. Switzerland	67.20	34.18	33.25	4.16	2.18	2.26	-49.14	-2.71
9. Italy	2.87	3.01	4.74	0.18	0.19	0.32	4.62	57.68
10. Singapore	3.47	2.57	3.99	0.21	0.16	0.27	-25.79	55.10
Others	23.30	27.69	17.34	1.44	1.76	1.18	18.80	-37.38
<b>Total</b>	<b>1,616.48</b>	<b>1,569.92</b>	<b>1,471.22</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-2.88</b>	<b>-6.29</b>

Source: Thai Customs Department, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

## 2. Import

In 2017, Thailand's import of diamonds rose over 1.37 folds, with the import value of USD 1,843.25 million. The dominant product was polished diamond with an around 85 percent share and the import value of USD 1,564.84 million, over 1.87-fold growth. Rough diamond's import value grew by 21.11 percent with the import value of USD 273.69 million as illustrated in Table 3.

Table 3: Thailand's Diamond Import 2015-2017

Product	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. Rough Diamonds	313.63	225.99	273.69	37.08	29.13	14.85	-27.94	21.11
2. Polished Diamonds	527.12	545.22	1,564.84	62.32	70.29	84.90	3.43	187.01
3. Industrial Diamonds	5.03	4.50	4.72	0.60	0.58	0.25	-10.54	4.89
<b>Total</b>	<b>845.78</b>	<b>775.71</b>	<b>1,843.25</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-8.28</b>	<b>137.62</b>

Source: Thai Customs Department, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)



Due to limitation in diamond raw materials, which are vital for diamond polishing and jewelry manufacturing, Thailand almost completely relies on diamond imports. The country's primary import sources for rough diamonds were Belgium, with the highest share of over 62 percent, Israel, the UAE, Botswana, and South Africa. According to Table 4, the import values from these sources ranking the second, third, fourth, and fifth, grew 6.26, 23.82, 2.93 folds, 4.84 folds, and 1.74 folds respectively.

Table 4: Thailand's Rough Diamond Import Sources 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. Belgium	206.94	159.71	169.72	65.98	70.67	62.01	-22.82	6.26
2. Israel	62.77	59.74	73.97	20.02	26.43	27.03	-4.84	23.82
3. The United Arab Emirates	7.27	2.25	8.84	2.32	0.99	3.23	-69.11	293.37
4. Botswana	7.91	1.13	6.63	2.52	0.50	2.42	-85.67	484.51
5. South Africa	20.23	0.99	2.71	6.45	0.44	0.99	-95.12	174.98
6. Canada	4.52	0.00	2.62	1.44	0.00	0.96	-100.00	-
7. The United States	0.00	0.05	2.06	0.00	0.02	0.75	-	4,439.83
8. Russia	0.09	0.25	1.97	0.03	0.11	0.72	158.91	700.06
9. India	1.49	0.04	1.92	0.47	0.02	0.70	-97.07	4,303.74
10. Italy	0.00	0.00	1.22	0.00	0.00	0.45	0.00	-
Others	2.39	1.84	2.04	0.77	0.82	0.74	-23.13	11.21
<b>Total</b>	<b>313.63</b>	<b>225.99</b>	<b>273.69</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-27.94</b>	<b>21.11</b>

Source: Thai Customs Department, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

Although, Thailand is one of the world's leading polished diamond producers, in 2017, the country imported more polished diamonds. It was partly because Thai baht strengthened against the US dollar almost 4 percent compared to the previous year. Thus, prices of imported polished diamonds went down. Furthermore, polished diamond supplies in the country were limited as most of the polished diamond companies in Thailand were from overseas. Around 80 percent of their production was for export and only 20 percent could be distributed domestically. The domestic portion was insufficient for diamond jewelry production for domestic distribution and exportation. Therefore, Thailand's import of polished diamonds jumped more than 1.87 folds. India was the source with the highest import value as the import from the source grew over 2 folds. This was because of Indian labors were relative skillful and the country's costs for polished diamonds were lower than other producers. As shown in Table 5, other sources were Hong Kong, Belgium, Israel, and the US, with over 1.64-fold, 5.7-fold, 2.91-fold, and a 61.49 percent growth respectively.

Table 5: Thailand's Polished Diamond Import 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. India	185.98	236.00	710.05	35.28	43.29	45.38	26.89	200.87
2. Hong Kong	158.26	152.86	404.02	30.02	28.04	25.82	-3.41	164.30
3. Belgium	23.36	26.51	177.83	4.43	4.86	11.36	13.48	570.91
4. Israel	26.07	28.75	112.65	4.95	5.27	7.20	10.29	291.84
5. The United States	55.33	34.22	55.26	10.50	6.28	3.53	-38.16	61.49
6. The United Arab Emirates	15.09	8.17	29.61	2.86	1.50	1.89	-45.81	262.18

Table 5: Thailand’s Polished Diamond Import 2015-2017 (continued)

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
7. Thailand	13.17	16.85	14.60	2.50	3.09	0.93	27.92	-13.34
8. United Kingdom	10.80	7.77	8.84	2.05	1.42	0.56	-28.07	13.80
9. Australia	7.03	7.20	7.58	1.33	1.32	0.48	2.47	5.31
10. Armenia	0.32	0.38	7.52	0.06	0.07	0.48	18.73	1,878.56
Others	31.72	26.51	36.88	6.02	4.86	2.37	-16.43	39.11
<b>Total</b>	<b>527.12</b>	<b>545.22</b>	<b>1,564.84</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>3.43</b>	<b>187.01</b>

Source: Thai Customs Department, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

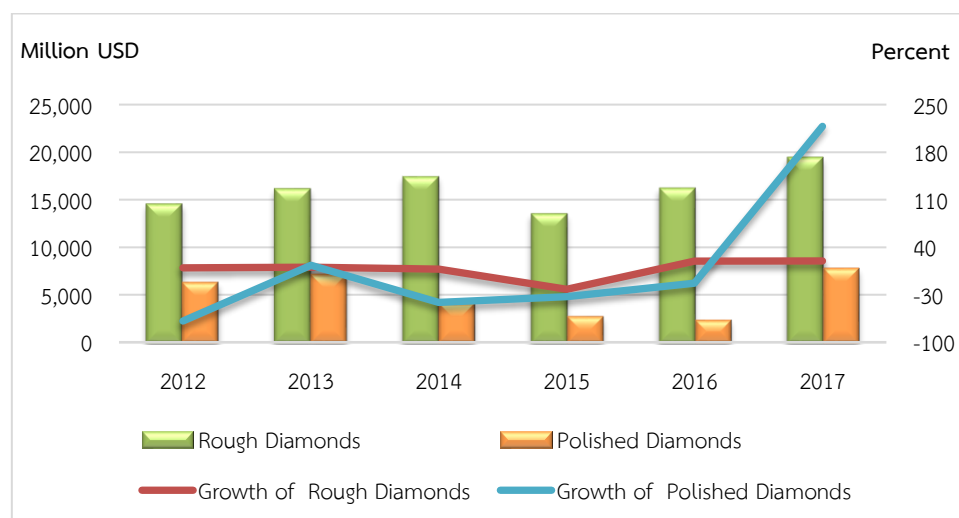
### 3. Competitiveness of Thai Diamond Industry in Key Markets

The world’s overall diamond import in 2017 was around USD 1 13,056.84 million, a 7.12 percent increase from the previous year. The world’s top five diamond import sources were India, the US, Hong Kong, Belgium, and China, with a total share of around 81 percent of the world’s gross diamond import value. Import values from India, Hong Kong, and China are likely to grow steadily. In contrast, diamond import values from the US, and Belgium will possibly shrink continuously in 2018. Since Thai diamond industry consists of mostly export-oriented manufacturers, Thailand’s competitiveness in the 5 leading markets needs to be analyzed in order to guide Thai entrepreneurs to adjust or boost their competency to raise market shares in the markets. The details are as follows.

#### India

India is one of the world’s foremost producers and exporters of polished diamonds. The country is also one of the world’s major diamond consumers. In 2017, India became the world’s largest diamond importer, replacing the US with the import value of USD 27,302.53 million, a 45.53 percent jump. The dominant import product was rough diamond with an over 71 percent share. The import value was USD 19,454.73 million, a 19.75 percent increase. It was followed by polished diamond, of which import value totaled USD 7,802.21 million, an over 2.17 folds increase.

Figure 1: India’s Rough and Polished Diamond Import 2012-2017



Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)



According to Table 6, India imported rough diamonds from the UAE with the highest value totaling USD 4,575.29 million, a 24.88 percent increase. This could be partly due to India and the UAE's long and solid mutual trading networks which contributed to consistent increases in India's diamond import from the UAE. The following import source was Belgium with the import value of USD 3,942.41 million, a 30.19 percent decrease. The third most important source was Russia with the import value of USD 3,214.13 million, a 77.81 percent growth. This was a result of the long-term trade agreement between Alrosa, Russia's partially state-owned enterprise with diamond trading monopoly, and India to sell rough diamonds to Indian diamond polishing companies from December 2014 onward. Thailand ranked the twenty-eighth of India's rough diamond sources with a 94.23 percent decline.

Table 6: India's Rough Diamond Import Sources 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. The United Arab Emirates	3,047.01	3,663.87	4,575.29	22.42	22.55	23.52	20.24	24.88
2. Belgium	6,267.36	5,647.21	3,942.41	46.11	34.76	20.26	-9.89	-30.19
3. Russia	871.12	1,807.66	3,214.13	6.41	11.13	16.52	107.51	77.81
4. Hong Kong	582.96	866.03	1,862.95	4.29	5.33	9.58	48.56	115.11
5. Botswana	505.52	992.09	1,739.34	3.72	6.11	8.94	96.25	75.32
6. Canada	356.29	446.79	1,078.59	2.62	2.75	5.54	25.40	141.41
7. Israel	848.70	1,074.67	963.67	6.24	6.61	4.95	26.63	-10.33
8. Angola	96.17	198.74	586.04	0.71	1.22	3.01	106.65	194.89
9. South Africa	140.44	413.77	417.27	1.03	2.55	2.14	194.63	0.85
10. Singapore	84.73	232.98	251.32	0.62	1.43	1.29	174.98	7.87
<b>28. Thailand</b>	<b>0.20</b>	<b>19.40</b>	<b>1.12</b>	<b>0.00</b>	<b>0.12</b>	<b>0.01</b>	<b>9,819.25</b>	<b>-94.23</b>
Others	792.05	883.00	822.60	5.83	5.44	4.24	11.48	-6.84
<b>Total</b>	<b>13,592.54</b>	<b>16,246.20</b>	<b>19,454.73</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>19.52</b>	<b>19.75</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

India's import of polished diamond in 2017 increased over 2.17 folds. Hong Kong was the largest import source with the import value of USD 989.93 million, a 16.68 percent decline. The UAE was the second most important source with the import value of USD 534.95 million, a 2.03 percent growth. The third most important was the US, with the import value of USD 281.15 million, a 22.13 percent decline. Thailand was the ninth with the import value of USD 6.7 million, a 29.37 percent decrease. The details are shown in Table 7.

Table 7: India's Polished Diamond Import Sources 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. Hong Kong	1,311.05	1,188.09	989.93	46.38	48.42	12.69	-9.38	-16.68
2. The United Arab Emirates	599.35	524.28	534.95	21.20	21.37	6.86	-12.53	2.03
3. The United States	429.04	361.04	281.15	15.18	14.71	3.60	-15.85	-22.13
4. Belgium	246.84	205.12	215.27	8.73	8.36	2.76	-16.90	4.95
5. Israel	102.58	84.72	63.52	3.63	3.45	0.81	-17.41	-25.03
6. Russia	12.86	24.70	15.50	0.46	1.01	0.20	91.97	-37.23

Table 7: India's Polished Diamond Import Sources 2015-2017 (continued)

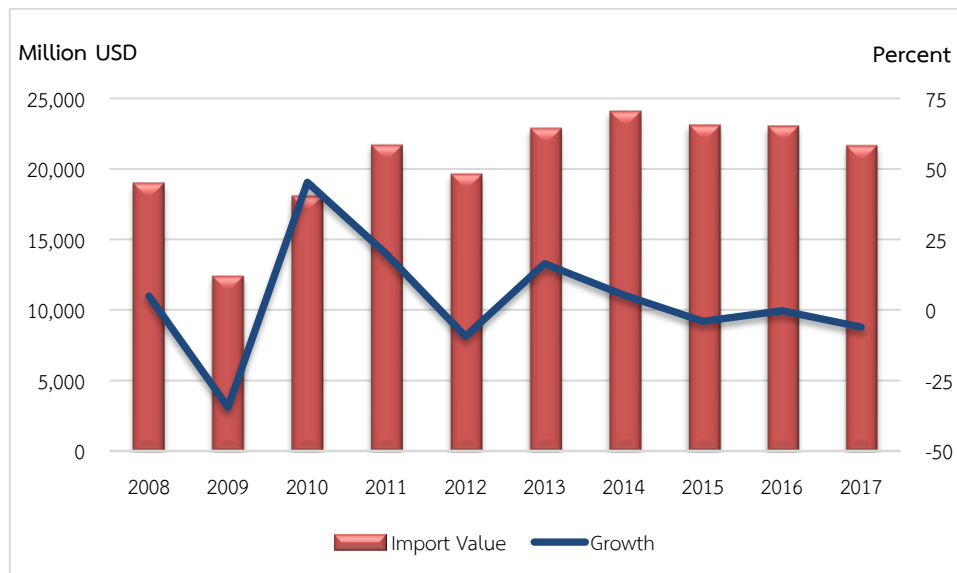
Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
7. Japan	22.77	12.80	15.26	0.81	0.52	0.20	-43.79	19.18
8. Switzerland	9.64	8.52	10.25	0.34	0.35	0.13	-11.53	20.25
<b>9. Thailand</b>	<b>13.98</b>	<b>9.48</b>	<b>6.70</b>	<b>0.49</b>	<b>0.39</b>	<b>0.09</b>	<b>-32.15</b>	<b>-29.37</b>
10. Spain	2.57	4.19	6.64	0.09	0.17	0.09	62.96	58.20
Others	76.02	30.89	5,663.05	2.69	1.25	72.57	-59.37	18,235.82
<b>Total</b>	<b>2,826.71</b>	<b>2,453.84</b>	<b>7,802.21</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-13.19</b>	<b>217.96</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

## The US

After having been the largest diamond importer of the world for many years, the US became the second largest diamond importer in 2017. It was partly due to the US' unstable economy which caused consumers to slow down on diamond consumption. Some American consumers increasingly shifted toward synthetic diamonds because they bear similar characteristics to natural diamonds but in much lower prices. Consequently, diamond import value shrank 5.03 percent in 2017 with the import value of USD 22,706.87 million. Polished diamond was the dominant product with a share of around 95 percent. The product's import totaled USD 21,623.84 million, a 6.08 percent drop from the previous year. According to Figure 2, the US's import of polished diamond shows decline trend.

Figure 2: The US' Polished Diamond Import 2008-2017



Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

India was the US' largest import source of polished diamonds in 2017 with a share of around 38 percent. The import value from the source was USD 8,192.76 million, a 4.95 percent drop. The import source following India was Israel with the import value of USD 7,106.14 million, a 0.39 percent growth. Belgium was the third largest import source with the import value of USD 3,002.69 million, an 8.69 percent drop. Thailand was in the seventeenth place with the import value of USD 41.51



million, a 33.53 percent decrease year-on-year. Thailand’s share in the market also went down as shown in Table 8.

Table 8: The US’ Polished Diamond Import Sources 2015-2017

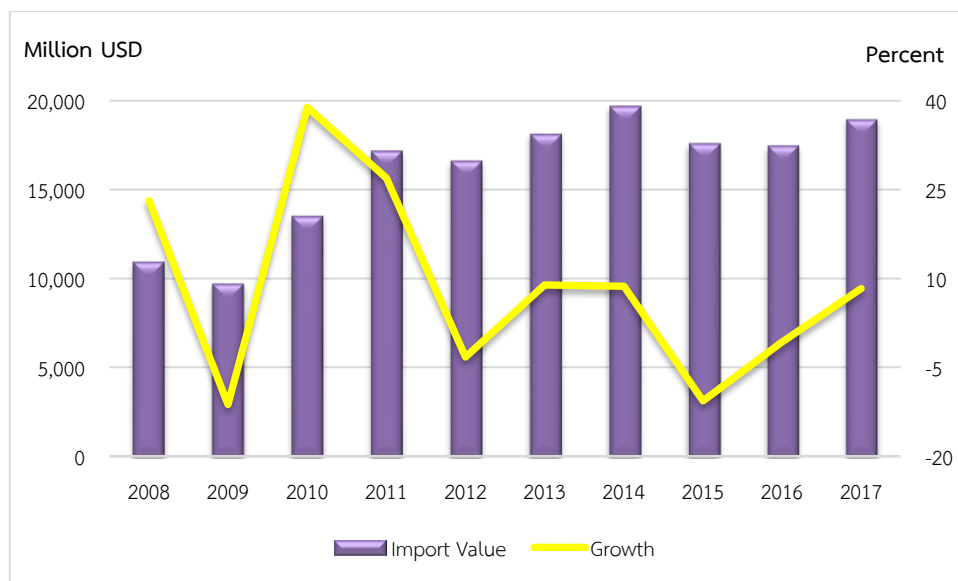
Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. India	7,370.31	8,619.81	8,192.76	31.92	37.44	37.89	16.95	-4.95
2. Israel	8,306.44	7,078.27	7,106.14	35.98	30.74	32.86	-14.79	0.39
3. Belgium	3,688.41	3,288.61	3,002.69	15.98	14.28	13.89	-10.84	-8.69
4. Hong Kong	1,151.47	1,472.33	880.99	4.99	6.39	4.07	27.86	-40.16
5. Switzerland	548.46	702.93	584.58	2.38	3.05	2.70	28.16	-16.84
6. South Africa	533.72	417.84	458.19	2.31	1.81	2.12	-21.71	9.66
7. United Arab Emirates	101.09	242.07	217.06	0.44	1.05	1.00	139.47	-10.33
8. Australia	59.34	71.03	157.31	0.26	0.31	0.73	19.71	121.46
9. United Kingdom	244.24	250.92	155.82	1.06	1.09	0.72	2.73	-37.90
10. China	205.11	76.04	147.32	0.89	0.33	0.68	-62.93	93.73
<b>17. Thailand</b>	<b>46.54</b>	<b>62.46</b>	<b>41.51</b>	<b>0.20</b>	<b>0.27</b>	<b>0.19</b>	<b>34.20</b>	<b>-33.53</b>
Others	831.33	742.18	679.47	3.59	3.24	3.15	-10.72	-8.45
<b>Total</b>	<b>23,086.46</b>	<b>23,024.50</b>	<b>21,623.84</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-0.27</b>	<b>-6.08</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

### Hong Kong

Apart from being the world’s prime diamond trading base, Hong Kong was also an importer for worldwide exportation. Hong Kong’s import of polished diamond increased for the second consecutive year as shown in Figure 3. In 2017, the market was the third largest diamond importer following India and the US. Most of the imported products were polished diamonds with the import value of USD 18,942.73 million, an 8.32 percent growth.

Figure 3: Hong Kong’s Polished Diamond Import 2008-2017



Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

According to Table 9, Hong Kong's import of polished diamonds from most of the major markets particularly the top two markets, India and Israel, rose. The import from the markets went up by 8.12 and 1.78 percent respectively. Thailand was in the eleventh place with the import value of USD 58.23 million, a 19.11 percent drop from the previous year.

Table 9: Hong Kong's Polished Diamond Import Sources 2015-2017

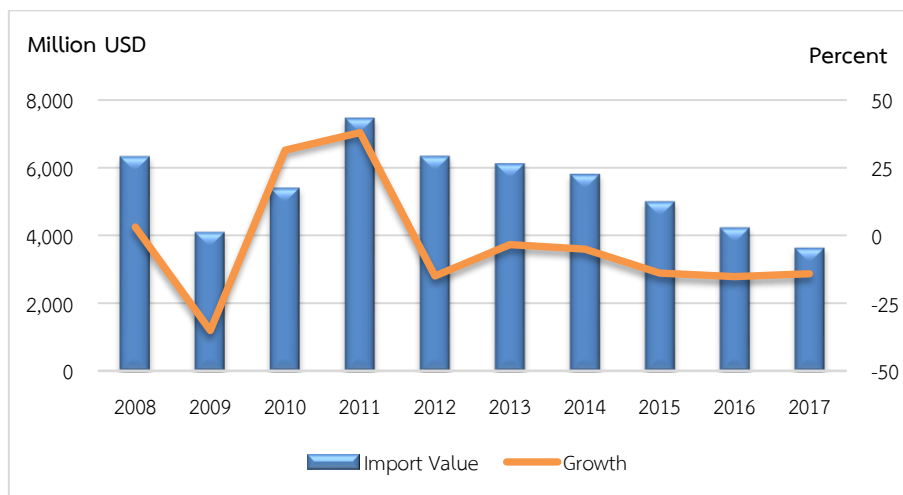
Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. India	10,133.72	10,970.77	11,861.27	57.54	62.74	62.62	8.26	8.12
2. Israel	2,997.94	2,641.90	2,689.04	17.02	15.11	14.20	-11.88	1.78
3. Belgium	1,698.60	1,593.44	1,384.40	9.64	9.11	7.31	-6.19	-13.12
4. China	934.51	601.85	754.06	5.31	3.44	3.98	-35.60	25.29
5. The United States	603.66	555.79	695.83	3.43	3.18	3.67	-7.93	25.19
6. South Africa	453.91	299.69	518.69	2.58	1.71	2.74	-33.98	73.08
7. The United Arab Emirates	274.08	272.91	392.90	1.56	1.56	2.07	-0.43	43.97
8. Japan	51.50	81.89	99.19	0.29	0.47	0.52	59.02	21.13
9. Switzerland	55.96	91.07	96.94	0.32	0.52	0.51	62.75	6.44
10. Botswana	22.93	45.22	90.91	0.13	0.26	0.48	97.23	101.05
<b>11. Thailand</b>	<b>103.02</b>	<b>71.98</b>	<b>58.23</b>	<b>0.58</b>	<b>0.41</b>	<b>0.31</b>	<b>-30.13</b>	<b>-19.11</b>
Others	283.11	260.73	301.27	1.60	1.49	1.59	-7.90	15.55
<b>Total</b>	<b>17,612.92</b>	<b>17,487.25</b>	<b>18,942.73</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-0.71</b>	<b>8.32</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

## Belgium

Belgium is the world's primary polished diamond trading hub. However, as demand for polished diamonds shrank due to global economic condition, Belgium's import of polished diamonds continued to decrease by 14.14 percent with the import value of USD 3,649.21 million. Nevertheless, Belgium was still able to maintain its position as the world's leading polished diamond importer as it ranked the fifth.

Figure 4: Belgium's Polished Diamond Import 2008-2017



Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)





In 2017, India was Belgium’s largest source for polished diamonds with the import value of USD 1,272.83 million. The source was followed by Hong Kong with the import value of USD 432.06 million. The import value from the sources constantly went down by 14.14 and 25.71 percent respectively. The third largest source was Israel. The source was able to grow by 46.19 percent with the import value of USD 370.70 million. Thailand was the sixth largest source, stepping up one place from the previous year. Its import value totaled USD 171.46 million, a 26.14 percent decline. This could be a result of major Belgian companies with factories located in Thailand exported less quantity of products back to their parent companies as the global polished diamond market remained weak.

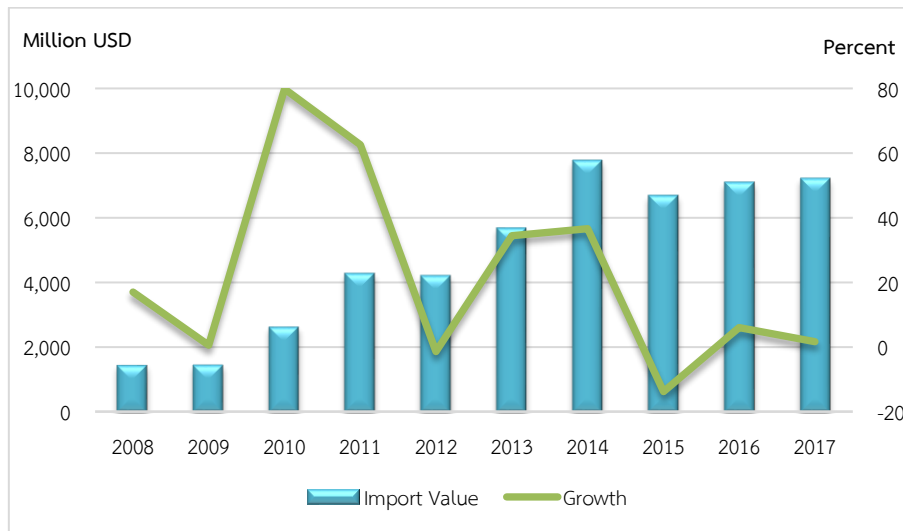
Table 10: Belgium’s Polished Diamond Import Sources 2015-2017

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. India	1,567.99	1,482.51	1,272.83	31.28	34.88	34.88	-5.45	-14.14
2. Hong Kong	902.06	581.59	432.06	17.99	13.68	11.84	-35.53	-25.71
3. Israel	340.55	253.57	370.70	6.79	5.97	10.16	-25.54	46.19
4. Russia	298.56	315.20	334.22	5.96	7.42	9.16	5.57	6.03
5. The United Arab Emirates	485.05	513.49	298.58	9.68	12.08	8.18	5.86	-41.85
<b>6. Thailand</b>	<b>265.64</b>	<b>232.15</b>	<b>171.46</b>	<b>5.30</b>	<b>5.46</b>	<b>4.70</b>	<b>-12.61</b>	<b>-26.14</b>
7. South Africa	74.22	76.08	151.54	1.48	1.79	4.15	2.51	99.19
8. The United States	335.40	200.40	135.91	6.69	4.71	3.72	-40.25	-32.18
9. China	367.08	238.71	132.30	7.32	5.62	3.63	-34.97	-44.58
10. Switzerland	101.21	77.70	108.83	2.02	1.83	2.98	-23.24	40.07
Others	275.33	278.90	240.77	5.49	6.56	6.60	1.30	-13.67
<b>Total</b>	<b>5,013.09</b>	<b>4,250.30</b>	<b>3,649.21</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-15.22</b>	<b>-14.14</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

## China

China is another major diamond consumer of the world. In 2017, China was the world’s fifth largest diamond importer and fourth largest polished diamond importer with the import value of USD 7,213.33 million, a 1.66 percent growth. Some of the diamonds were imported for diamond jewelry production targeting domestic distribution and exportation. Some of them were accumulated for speculation by consumers with purchasing power because diamond prices in 2017 remained low. 1-karat diamond price dropped 5.3 percent from 2016.

**Figure 5: China's Polished Diamond Import 2008-2017**


Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

According to Table 11, South Africa was China's largest source with the import value of USD 3,469.66 million, a 3.15 percent growth. The second largest source was India with the import value of USD 2,591.40 million, a 4.96 percent growth. Belgium ranked the third with the import value of USD 725.10 million, a 6.22 percent drop. Thailand was in the eighth place with the import value of USD 6.58 million, a 6.61 percent decline.

**Table 11: China's Polished Diamond Import Sources 2015-2017**

Country	Value (million USD)			Share (percent)			Change (percent)	
	2015	2016	2017	2015	2016	2017	16/15	17/16
1. South Africa	3,388.28	3,363.68	3,469.66	50.62	47.40	48.10	-0.73	3.15
2. India	1,919.49	2,469.06	2,591.40	28.68	34.80	35.93	28.63	4.96
3. Belgium	855.35	773.17	725.10	12.78	10.90	10.05	-9.61	-6.22
4. Israel	421.28	397.69	338.75	6.29	5.60	4.70	-5.60	-14.82
5. The United States	16.04	25.56	32.31	0.24	0.36	0.45	59.38	26.41
6. Australia	19.97	8.12	7.71	0.30	0.11	0.11	-59.32	-5.10
7. Japan	7.02	10.18	7.03	0.10	0.14	0.10	44.97	-30.95
<b>8. Thailand</b>	<b>1.34</b>	<b>7.05</b>	<b>6.58</b>	<b>0.02</b>	<b>0.10</b>	<b>0.09</b>	<b>424.14</b>	<b>-6.61</b>
9. Canada	1.55	10.61	5.40	0.02	0.15	0.07	584.24	-49.06
10. France	2.87	3.59	3.92	0.04	0.05	0.05	25.16	9.01
Others	60.34	27.05	25.47	0.91	0.39	0.35	-55.18	-5.83
<b>Total</b>	<b>6,693.53</b>	<b>7,095.76</b>	<b>7,213.33</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>6.01</b>	<b>1.66</b>

Source: Global Trade Atlas, data calculation by The Gem and Jewelry Institute of Thailand (Public Organization)

#### 4. Opportunities/Challenges for Thai Diamond Industry

In 2017, Thai diamond industry faced different challenges, especially the world's economic fluctuation which affected consumers' confidence in spending on luxury products. Moreover, a large number of synthetic diamonds on the market causing consumers to become increasingly concerned about buying diamonds. This contributed to decreases in Thailand's polished diamond export.



However, economic condition seems to develop in 2018. Thus, demand for polished diamond in the global market has been recovering and Thailand's polished diamond export during the first quarter grew positively.

Costs of diamond polishing are relatively high because most of the diamond polishing equipment, machinery, and tools have to be imported. Moreover, there are training costs for cutters and polishers. Thus, most of the companies in Thai diamond polishing industry are from long renowned diamond polishing hubs such as Belgium, Israel, and the UK which have relocated their manufacturing bases to Thailand in order to reduce their production costs by benefitting from Thailand's advantages in lower labor wage rates and Thai labors' exquisite craftsmanship which have long been developed from colored stone polishing. Therefore, Thailand has successfully maintained its status as one of the world's major polished diamond manufacturing bases. However, number of workforce has been lessening. Younger generations are not interested in becoming a gemstone cutter and polisher. If the government or related agencies fail to accelerate new labors training in order to replace the former ones, some companies may stop expanding factories or eventually consider relocating manufacturing bases to neighboring countries with larger number of workforce who are desperate for jobs and willing to do anything. Furthermore, large companies looking for new polished diamond manufacturing bases may overlook Thailand and establish factories in other countries. For example, Tiffany & Co chose to set up a diamond-polishing factory in Phnom Penh, Cambodia in 2014.

Although, Thai polished diamonds are well-known and recognized internationally, we must admit that there are intimidating competitors which have been snatching more market share from Thailand in the global market. India, in particular, is one of the top two most important sources of the world's large consumer markets like the US, Hong Kong, Belgium, and China. The source holds strengths in skillful labors and low wage rates. Nowadays, Indian labors have developed their skills and are able to polish diamonds of many different sizes like Thai labors. China is another competitor which has been constantly developing its diamond polishing industry with substantial support from the government that Shanghai Diamond Exchange and Diamond Island, a diamond polishing and manufacturing center in Jiangmen, Guangdong province, were established. Chongqing has also started to enter high-end gem and jewelry industry. Free trade zone and a duty-free policy have been used to draw more gem and jewelry business operators in to invest in the industry. Additionally, the city has officially been designated to carry out the Kimberley Process Certification Scheme for rough diamond import and export. This means that the city is entitled to be a port importing and exporting rough diamonds and polishing them legitimately.



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Moreover, swift changes in consumer behaviors are another issue to keep up with. Currently, consumers favor small fancy diamonds. In order to overcome the challenges as mentioned in 2018, entrepreneurs need to use every marketing strategy. They also have to enhance their strengths and reduce/eliminate their weaknesses. New markets have to be sought out to replace former key markets. Myanmar and Qatar are interesting markets as their import of polished diamonds from Thailand is likely to increase. At least, doing so may help their companies earning more sales and enable Thailand to maintain its market share in the global market.

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