CHAPTER 13

JEWELLERY

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INTRODUCTION

NAFTA provides significant commercial opportunities in all three member countries for the jewellery sector. The reduction of tariffs and other impediments between the three countries will increase their trade in this sector.

The total Canadian market for jewellery is estimated to be about $500 million. Imports account for about one-third of the total market. Of imports, precious metal jewellery makes up the highest percentage, with costume jewellery and silverware, goldware and stones following in decreasing order. The Canadian industry is globally competitive in the mid-priced range of machine-made precious jewellery items, as well as middle to high-end costume jewellery. Domestic industry is as technologically advanced as its international competitors. The domestic market is small and almost saturated. As a result, there are few opportunities for growth based on Canadian demand.

Overall Mexican consumption of jewellery will rise as their standard of living increases. The market for custom fashion jewellery has increased because it is more accessible than fine jewellery. Fine jewellery is also facing a problem since the Banco Nacional de Mexico (Mexico's National Bank) has retired the sale of gold so Mexican manufacturers have to buy directly from the mines or import their supply. Imports of custom fashion jewellery are very important in the Mexican market. Imported custom fashion jewellery is in demand because of its novelty, design and quality.

In the United States, the manufacturing of jewellery, both precious metal and costume, has remained quite unconcentrated and competitive over the years. Imports will remain a threat to the industry. As the trend toward increased international trade continues, rising imports of such labour-intensive products as jewellery are expected.

Americans' expected increased annual disposable personal income of about 2-2.5 % for the next few years will mean that some of the increased income will be spent on such personal consumption goods as jewellery. Demographics also favours the jewellery industry: the two leading purchasing groups of jewellery, the 35 to 44 and 45 to 54 year age groups, are increasing. The industry also will benefit from the continued increase (about 1.5 % per year) in the number of working women, major purchasers of jewellery.

CANADA

Tariffs (%)

Items:	MFN	GPT	US/Mexico
Pearls	0	0	0
Diamonds	0-9.5	0-6.5	0
Precious and semi-precious stones	0	0	0
Gold, Silver	0-10.2	0-7	0
Silver jewellery	12.4	8.5	0-6.8
Precious metal jewellery	12-12.4	8.5	0-6.8
Silver tableware	9.9	7	0-4.2
Precious metal tableware	9.9	7	0
Base metal tableware	9.9	7	0
Articles of cultured pearls, precious and semi-precious stones	0-12.4	0-8.5	0
Imitation jewellery	10.6-12.4	8-8.5	3.7-5.1
Coin	0-9.5	0-6.5	0-3

Standards

Canada's Precious Metals Marking Act is similar to standards in other countries, defining the gold, silver, platinum, or palladium purity required for identifying the quality of jewellery and silverware. Canada does not require the manufacturer to mark the article; if a quality mark is applied to a precious metal product, however, the mark must be accurate within prescribed tolerances and a registered trademark must be applied. Government inspectors enforce this system through their authority to inspect, test, and take appropriate action when necessary. Additional information on standards may be obtained from the Merchandise Standards Division, Industry Canada, under Section III of this guide.

Labelling

Labelling for jewellery is discussed in the standards section, above.

Pre-packaged products must comply with Canadian packaging and labelling requirements as prescribed by Industry Canada, under the Consumer Packaging and Labelling Act and Regulations for pre-packaged non-food consumer products.

There are three mandatory statements which must appear on the label:

- product identity
  - the product's name;

- product net quantity
  - expressed in metric units in volume, weight or numerical count, according to the type of product;

- dealer's name and principal place of business
  - identity and principal place of business of the person for whom the pre-packagedproduct was manufactured or produced for resale
  - when imported, substitutes to the requirement include (a) name and address of a Canadian dealer preceded by the words "imported by"; (b) the statement of origin located immediately adjacent to the name and address of a Canadian dealer; or (c) the name and address of the dealer outside Canada.

All mandatory label information must be shown in English and French, except the manufacturer's name and address which can appear in either language. Other supplemental, non-mandatory label information does not have to be bilingual, but manufacturers are encouraged to include this in a bilingual format, if possible. However, the province of Quebec has additional requirements concerning the use of the French language on all products marketed within its jurisdiction. Information on French requirements may be obtained form the Office de la Langue Francaise, found in Section III of this guide.

All non-mandatory label information on a pre-packaged product must not be false or misleading to the consumer; it must conform with any label claims made which may relate to type, quality, performance, function, origin, or method of manufacture, for example.

Packaging

For all pre-packaged products, according to the Consumer Packaging and Labelling Act and Regulations, all packages must be manufactured, constructed, or displayed in such a manner that a consumer may not reasonably be misled with respect to the quality or quantity of the product it contains. Labels on pre-packaged products must show:

- the identity and principal place of business of the person by or for whom the pre-packaged product was manufactured or produced for resale;
- the identity of the pre-packaged product in terms of its common or generic name or in terms of its function;

- such information respecting the nature, quality, age, size, material content, composition, geographic origin, performance, use or method of manufacture or production of the pre-packaged product as may be prescribed.

Questions on the Act may be directed to the Merchandise Standards Division, Industry Canada, found under Section III of this guide.

Marketing and Distribution

The great majority of precious metal jewellery is purchased by Canadian women, who now have increasingly more disposable income due to their increasing participation in the workforce. In the precious metal jewellery subsector, disposable income is the most important factor for the consumer, with price much less so. Costume jewellery is associated with fashion trends; demand is influenced by price and fashion. Colour and variety of design are important in the high end of this sub-sector.

Half of precious metal jewellery sales occur during the fourth quarter of the year. Costume jewellery is not as affected by this seasonality of demand. Distribution is through speciality retailers and chains, as well as department stores.

The latest available data suggests that the import market for jewellery into Canada is US $302 million.

Documentation

Goods imported into Canada have mandatory documentation requirements. These are:

- Form B3, Canada Customs Coding (two copies required for an automated Customs office, three if not). It is important to fill in this form properly, especially since it is here where the importer shows the tariff treatment for his goods;
- cargo control document - manifest, waybill or other approved document that must be obtained from carrier or forwarder (two copies);
- commercial invoice, indicating the buyer and seller of the goods, price paid or payable, adequate description, including quantity, of goods contained in the shipment, together with a Canada Custom invoice containing the remaining required data (two copies), or a fully completed Canada Customs invoice, or an invoice containing all data listed by Customs.

Revenue Canada requires that certain goods imported into Canada be clearly labelled as to their country of origin, in English or French; this must be clearly located on the product. If the consumer will ultimately buy the good in a container, then it is acceptable that the container only be marked. Canadian importers are responsible for ensuring that the goods they are importing comply with the marking requirements at the time they import the goods. Please verify with a Canada Customs office concerning your product's marking requirements.

Trade Associations

Canadian Jewellers Association
Toronto, Ontario Tel. (416) 480-1424
Fax (416) 480-2342

Canadian Jewellery Travellers Association
Toronto, Ontario Tel.(416)480-1424
Fax (416) 480-2342

Jewellers Vigilance Canada
Toronto, Ontario Tel. (416) 480-1452
Fax (416) 480-2342

Silversmiths Guild of Canada
Toronto, Ontario Tel. (416) 480-1424
Fax (416) 480-2342

Trade Fairs

Jewellery Buy Mart
August
Montreal

Mode Accessories International Exposition
January, September
Toronto

MEXICO

Tariffs (%)

Items:	General	US/Canada
Pearls	10	A
Diamonds	10	A
Precious and semi-precious stones	10	A
Gold, Silver	15/20	A/B/D
Silver jewellery	20	C
Precious metal jewellery	10/20	C
Silver tableware	20	B
Precious metal tableware	20	B
Base metal tableware	20	B
Articles of cultured pearls, precious and semi-precious stones	10/20	A
Imitation jewellery	10/15/20	A
Coin	Exempt	D

A - duties fully eliminated on January 1, 1994
B - duties removed in five equal stages of 20% annually to full elimination by 1998
C - duties removed in ten equal stages of 10% annually to full elimination by 2003
D - items already duty-free on a MFN basis

Standards

Silver products are subject to Mexican standards certification requirements. Companies wishing to export these types of products must obtain a standards certificate from SECOFI prior to exporting the products. The exporter is strongly urged to contact the Direccion General de Normas at SECOFI, the relevant Mexican sector association, or a knowledgeable Mexican importer, about the most current standards applicable to this and any other jewellery product.

Labelling

There are special labelling regulations on silver, silver-plated and nickel-plated articles. For more information contact SECOFI, found under Part III of this guide.

According to Mexico's Ley de Proteccion al Consumidor (consumer protection law), all information contained on a consumer product or its labels, containers and packages must be in Spanish. These labelling requirements will be enforced at the border, meaning that compliance is effectively the responsibility of the exporter. Full original Spanish labelling is to be affixed at the point of origin.

Labels must contain specific information such as:

- name of the product or good (including a product description, if not described in the name of the product or good);
- name or trade name and address of the importer and exporter (this information may be displayed on a separate label and may be added after importation);
- country of origin of the product;
- net contents in accordance with Official Mexican Standard NOM 030-SCFI-1993;
- warnings or precautions in the case of dangerous products; and
- instructions for use, handling, and/or preservation of the product.

The labels must be legible. The label will normally be affixed to each individual package offered for sale to consumers.

Packaging

There are no official packaging requirements for imported products to Mexico. Please check with your Mexican broker or importer for developments in this area.

Marketing and Distribution

Seventy percent of fashion jewellery is targeted for middle to upper income women. Mexico City, along with Monterrey and Guadalajara represent the largest Mexican markets. Sales distribution is grouped as follows: department stores (60%); boutiques (20%); street markets (15%); and supermarket chains (5%). Foreign firms mainly sell through Mexican representatives or distributors.

It is important to note that the market is becoming saturated so novelty and high quality will play an important role.

Documentation

Goods imported into Mexico must be accompanied by standard documentation, as follows:

- commercial invoice (in Spanish, if prepared in English, the Spanish translation may follow original text on invoice or translation may accompany invoice) with original and several copies
- packing list (if more than one package shipped) with at least four copies; and
- bills of lading, including one original for importer and one for customs broker.

The invoice must be complete and accurate. It must include:

- place and date of issue;
- complete name and addresses of the buyer or importer in Mexico, and the exporter;
- description of merchandise, including marks, numbers, types, and quantities;
- freight and insurance charges;
- price and total value of shipment;
- signature (manual), name, and title of exporter; and
- shipper's invoice number and customer's order number.

The invoice should be sent ahead to the importer/broker/agent, in order to obtain special permits (if necessary) if shipped by sea or land, or it should accompany goods if shipped by air.

The packing list includes:

- number of packages, and detailed list of goods in each package;
- net, gross, and legal weight of each package and total shipment, in metric units, along with volume or measurements of each package and total shipment.

The bill of lading has information such as:

- types of packages in shipment and their weights and measurements;
- names and addresses of the shipper and importer, or customs broker;
- ports of origin and destination;
- description of goods;
- list of charges, including freight;
- number of bills of lading in full set; and
- carrier's official acknowledgement of receipt on board of goods for shipment.

Trade Associations

Asociacion Mexicana de Fabricantes de Joyeria - AMFAR
(Gift products manufacturers Mexican association)
Mexico City Tel. (5) 564-8961, 564-4564, 564-8938
Fax. (5) 574-9709

Asociacion Nacional de Exportadores e Importadores de Plateria y Joyeria
(Silver & jewellery exporters & importers association)
Mexico City Tel. (5) 512-2016, 510-3200
Fax (5) 510-3554

Camara Nacional de la Industria de la Plateria y la Joyeria
(Silver & jewellery industry national chamber)
Mexico City Tel. (5) 516-1771
Fax (5) 516-8481

Trade Fairs

AMFAR
Annual
Mexico City

Expo Joya
Annual
Guadalajara

Expo Joyeria
February
Mexico City

Expo Regio Joya
November
Monterrey

Exposicion Oro y Plata
April
Guadalajara

UNITED STATES

Tariffs (%)

Items:	General	GSP	CBI	Canada/Mexico
Pearls	0-2.1	0	0	0
Diamonds	0-4.9	0	0	0
Precious and semi-precious stones	0-21	0-6	0	0
Gold, Silver	0-20	0-8.2	0	0
Silver jewellery	6.5-27.5	0-27.5	0	0
Precious metal jewellery	6.5-7	0-6.5	0	0
Silver tableware	4.4-6.6	0-6	0	0-4.8
Precious metal tableware	7.9	0	0	0
Base metal tableware	6	0	0	0
Articles of cultured pearls, precious and semi-precious stones	2.1-21	0-6.5	0	0
Imitation jewellery	0-11	0	0	0-4.4
Coin	0	0	0	0

Standards

The Federal Trade Commission (FTC) has established guides for the jewellery industry. The industry member may not misrepresent the type, kind, grade, quality, quantity, metallic content, size, weight, cut, colour, character, substance, durability, serviceability, origin, price, value, preparation, production, manufacture or distribution of the jewellery.

By labelling the product according to the guidelines set out below, the industry member agrees to fulfil the requirements that that term implies. For example, no jewellery product may be ascribed as “sterling silver” unless it is at least 925/1000ths pure silver. More information including labelling and concurrent guidelines are available from the FTC, under Section III of this guide.

Labelling

The FTC stipulates that any marking or labelling of jewellery products or containers cannot have any visual representations or in conjunction with accompanying words or phrases, that are misleading or deceiving as to type, kind, grade, quality, quantity, metallic content, size, weight, cut, colour, character, substance, durability, serviceability, origin, preparation, production, manufacture or distribution of any industry product.

It is also unfair trade practice to misrepresent the place of origin of the product.

There cannot be misuse of terms such as "hand-made", "handpolished", "platinum", 'iridium", "palladium", "ruthenium", "rhodium", "osmium", "diamond", "perfect", "blue White", "properly cut", "brilliant", "full cut", "clean", "pearl", "cultured pearl", "cultivated pearl", "seed pearl", "Oriental pearl", "Oriental", "natura", "ruby", "sapphire", "emerald", "topaz", "stone", "birthstone", "real", "genuine", "natural", "gem", "reproduction", "replica", or "synthetic". There can be no misrepresentation as to gold or silver content, cultured pearls, or precious and semi-precious stones (for example, artificial colour).

Quality marks must clearly identify the quality of item, be clearly associated with the part of the item to which it applies. All members of the industry have consented to accompany quality markings with name or other adequate identification of the manufacturer, processor, or distributor.

Packaging

An important function of packaging is to pack the product in a way to enable US Customs to examine, weigh, measure, and release the goods promptly. Therefore, show the exact quantity of each item of goods in each box or other package, put marks and numbers on each package, and show those marks on your invoice opposite the itemisation of goods contained in the corresponding package.

Marketing and Distribution

As noted earlier, there is potential to increase sales to the 35-54 year old age bracket, as they are the greatest purchasers of jewellery, and are increasing in size. Working women also follow the same trend.

The retail distribution of jewellery is competitive. Large jewellery retail chains, such as Zale Corporation, Barry's Jewellers, and Sterling, Inc., have evolved with the growing importance of shopping malls in the United States. The development of alternate sales channels, such as warehouse clubs, catalogues and catalogue showrooms, and televised merchandising, as well as the continued growth of discount stores, have been other important trends reinforcing competition in jewellery retailing. However, the local independent jewellery store, with its full range of products, is still an important channel, since many of the other types of retailers carry only a narrow set of products aimed at a limited category of shopper, as well as being competitive in price.

The size of the import market into the United States for jewellery is approximately US $3.8 billion.

Documentation

Within five working days of the date of arrival of a shipment at a US port of entry, entry documents must be filed, which consist of:

- a commercial invoice, or pro forma invoice when the commercial invoice cannot be produced;
- packing lists, if appropriate;
- evidence of right to make entry (bill of lading, air waybill, shipping receipt, carrier's certificate); and
- Entry Manifest, Customs Form 7533; or Application and Special Permit for Immediate Delivery, Customs Form 3461; or other form of merchandise release required by the district director.

A requirement of US Customs is that a good entering the United States, or its container (if the good reaches the final purchaser in a container) must be marked with its country of origin. An exception to this rule is an article which is to be processed in the US by the importer and not intended for sale in its imported form, or an article incapable of being marked. The manufacturer should check with US Customs to verify which situation applies to his product.

Trade Associations

American Gem & Mineral Suppliers Association
Yucaipa, California Tel./Fax (909) 794-1343

American Gem Trade Association
Dallas, Texas Tel. (214) 742-4367
Fax (214) 742-7334

Council of Affiliated Associations of Jewellers of America
New York Tel. (212) 768-8777
Fax (212) 768-8087

Fashion Jewellery Association of America
Providence, Rhode Island Tel. (401) 273-1515

Independent Jewellers Organisation
Westport, Connecticut   Tel. (203) 226-6941
Fax (203) 454-4371

Jewellers of America
New York   Tel. (212) 768-8777
Fax (212) 768-8087

Jewellery Industry Distributors Association
Baltimore   Tel. (410) 752-3318
Fax (410) 752-8295

Manufacturing Jewellers & Silversmiths of America
Providence, Rhode Island   Tel. (401) 274-3840
Fax (401) 274-0265

Trade Fairs

Chicago Gift Show
January/July (biannual)

Fashion Accessories Expo
January, May, August - New York
February, August - Las Vegas

International Fashion Boutique Show
January, June, August, October
New York

International Jeanswear & Sportswear Show
March, September
Miami

JA International Jewellery Show
February/July
New York

New York International Gift Fair
January/August (biannual)

OASIS Gift Show
January, August
Phoenix, Arizona

San Francisco International Gift Fair
January/August (biannual)

Washington Gift Show
January/July (biannual)

SOURCES OF INFORMATION ABOUT THIS SECTOR

"Encyclopaedia of Associations: National Organisations of the US, Vols. I & II", Gale Research Inc. (Washington), 1994.
"Industry Profile: Jewellery", Industry Canada, 1990.

"MEXICO Business, The Portable Encyclopaedia for Doing Business with Mexico", World Trade Press (San Rafael, California), 1994.

"Mexico Market Research Reports - Custom Fashion Jewellery", US Department of Commerce, International Trade Administration, 1993.

"1995 Tradeshow Week Data Book", Tradeshow Week: New Jersey, 1994.

"North American Free Trade Agreement Opportunities for US Industries: NAFTA Industry Sector Reports", US Department of Commerce, International Trade Administration, 1993.

"US Industrial Outlook. Chapter 37: Personal Consumer Durables", US Department of Commerce, International Trade Administration, 1993.