III - U.S. INDUSTRY OUTLOOK

The U.S. jewellery industry has not benefitted to the extent that might be expected from the economic strength of the last few years, and has experienced only moderate growth. Imports have exceeded exports of jewellery products, and, as a result, imports have captured a larger percentage of the U.S. domestic market. U.S. jewellery manufacturers are becoming increasingly dependent upon technology and marketing skills and an emphasis is being placed on quality and reputation rather than price, in order to compensate for higher labour costs.

The principal factors affecting growth in the jewellery industry will be the weakened U.S. dollar, a lower rate of increase in disposable income and rising prices for precious metals and gems. Imports from developing countries are expected to increase substantially, edging out developed countries for market share. Estimated growth for precious metal jewellery is 1%, and that of costume jewellery, 5%, for 1988.

U.S. IMPORTS OF JEWELLERY PRODUCTS

U.S. Schedule A product categories at the seven-digit level are compiled in Appendix 3, and the categories of interest to this study are as follows:

- Jewellery and similar articles (including parts) of precious metals, set or unset
- Jewellery and similar articles of precious stones or natural pearls
- Jewellery, etc., except watchbands, of non-precious materials, over $.20 per dozen pieces.

U.S. imports of precious metal jewellery increased 12% to $2.2 billion in 1987, while costume jewellery imports rose 19% to $680 million. Major suppliers from Europe are Italy (44.2%), Switzerland (5.1%), Spain (1.5%), Germany (1.4%) and France (41.2%). Europe accounts for over 50% of total jewellery imports to the U.S, while Japan accounted for 1.9% (see Appendix 4).

The trend in imports for these product groups is shown in Appendix 5.