

U.S. Department of Commerce documents indicate that imports from Taiwan, Hong Kong and South Korea, the top three suppliers of costume jewellery, rose 34%, 47% and 70%, respectively, in 1987; and that Hong Kong, Israel and Thailand, the leading developing country suppliers of precious metal and precious stone jewellery, increased their exports to the U.S. in 1987 by an estimated 23%, 12% and 167%, respectively.

Given the devaluation of the U.S. dollar against major developed country currencies, the relative stable relationship between the Canadian and U.S. dollars, and the changing sourcing patterns of U.S. imports of jewellery, there would appear to be room for growth in Canada's share of the U.S. jewellery market . It is clear that opportunities for increased Canadian jewellery exports to the United States will increase in the event of a Free Trade Agreement between Canada and the United States. At present, duties for precious jewellery range from 2.1% for some cultured pearls to 27.5% for some precious metal jewellery. Costume jewellery duties range from 4.9% to 11%. The Free Trade Agreement will remove all duties for precious jewellery by January 1, 1993, and for costume jewellery by January 1, 1998 (see Appendix 6).

The primary obstacle facing Canadian suppliers in their attempt to increase U.S. market share is the increasing popularity of jewellery products from developing countries. It will be difficult to compete in terms of price due to the low cost of labour available in those countries. However, Canadian suppliers may be able to compete effectively against products from these countries by emphasizing such aspects as quality, design, reputation and speedy delivery.