



# Jewellery Brief

## Zimbabwe<sup>©</sup>

*Last Updated April 2011*



*Compiled By S. Muchineuta*

## 1. Definition of the sector

The term jewellery covers all objects of personal adornment associated with a particular style of clothing, haircut, life style or mood.

- a. By gems it is commonly understood as precious or semiprecious stones and pearls for use in jewellery.
- b. By jewellery it is understood as articles of gold, platinum, silver and gems or combination of these, for personal adornment.

Jewellery is sub-divided as below:

Jewellery	Material Content	Type of products
Precious jewellery	<b>Precious metals:</b> gold platinum, silver. <b>Base metal clad with precious metals:</b> Jewellery with <b>precious stones</b> (diamonds, sapphires). Jewellery with <b>pearls</b> and <b>semi-precious stones</b> .	Earrings Neckwear Rings Bracelets or wristwear
Costume jewellery	<b>Base metal</b> (plated with silver and/or gold). <b>A variety of other materials</b> ranging from brass, copper, stainless steel, titanium to wood, plastic, leather, horn, shells, imitation pearls and all sorts of beads.	Brooches Anklets, belly chains Piercings Cuff-links and studs Other badges etc

Precious jewellery can be distinguished from costume jewellery by its material content as described in the above table. While in costume jewellery a variety of material is being used. Also precious jewellery differs from costume jewellery in terms of where it is sold. Precious jewellery is normally sold in traditional jewellery shops or department stores and high- class gift outlets. Costume jewellery, however, can usually be found in department stores, fashion stores and a variety of other outlets.

### ➤ Division of the sector

- a. Precious Jewellery manufacturers
- b. Costume jewellery manufacturers
- c. Jewellery retailers

➤ **HS code classification of jewellery**

Most of the jewellery is found in Chapter 71

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**Precious jewellery**

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**7113 1100** Jewellery of silver, whether or not plated/clad with other precious metal

**7113 1900** Jewellery of other precious metal (e.g. gold, platinum), whether or not plated/clad with other precious metal

**7113 2000** Jewellery of base metal, whether or not plated/clad with precious metal.

**7116 2011** Necklace and bracelets of stones (precious and semi-precious)

**7116 1000** Articles of pearls (natural and cultured)

**7116 2019/2090** Other articles of pearls and stones (precious and semi-precious)

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**Costume jewellery**

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**7117 1910** Imitation jewellery of base metal, whether or not it is clad/plated with silver, gold or platinum, with parts of glass (excl. cuff links and studs) shortened as: ***'Costume-of metal-clad-with glass'***

**7117 1991** Imitation jewellery of base metal, whether or not it is clad/plated with silver, gold or platinum (excl. jewellery with parts of glass, cuff links and studs) shortened as: ***'Costume-of metal-clad'***

**7117 1999** Imitation jewellery of base metal, (excl. jewellery clad/plated with silver, gold or platinum, or with parts of glass, cuff-links and studs) shortened as costume of metal

**7117 1100** Cuff links and studs of base metal, whether or not clad/plated with silver, gold or platinum

**9615** Combs and hair ornaments.

**2. Overview of the sector in Zimbabwe**

Zimbabwe is a country which is blessed with diversity minerals namely gold, emeralds, platinum, diamonds, silver and many others. Despite this, the country has not fully utilized these minerals in a way

that promotes the growth of the jewellery sector. The jewellery sector is one of the least developed industries despite the abundance of minerals. However, the sector has the potential to create many jobs and bring the much-needed foreign currency into the country.

**Main Products-:** The jewellery sector is dominated by small (family) businesses. Only one large company produce gold jewellery products namely Aurex Holdings, which is owned by the government through Reserve Bank of Zimbabwe. This leading jewellery giant produces mainly for the export market whilst the small-scale producers supply the domestic market. The presence of the jewellery business in families in Zimbabwe is mainly attributed to the absence of formal training in the jewellery manufacturing.

The Reserve Bank of Zimbabwe liberalized the marketing of gold and other minerals in 2009, giving permission to miners to market 92.5% of their production. Efforts are currently underway to review the mining Act that will see an increase in production. With jewelers buying their raw materials directly from the miners, stakeholders expect this will improve access to the minerals and ultimately production of jewellery.

**Method of Production-:** Generally, the industry uses manual methods of production. This mainly attributed to the fact that most jewellery businesses are family businesses hence the manual skills of production are passed from one member of the family to the other. Moreover, for such businesses to import modern machinery, it would need a lot of money and people who are properly trained to operate the machines.

**Employment Capacity-:** The jewellery industry according to the Jewellery Council employed more than 4000 people in the 90s but the numbers have shrunk to 150 today.

The jewellery sector continues to be viewed by government with suspicion and reservation as a luxury industry. As a result the sector is levied with taxes and is over regulated in areas of supply, processing, marketing and manufacture of valuable raw materials such as gold, diamonds and emeralds thus denying the State considerable value added revenue.

*Geographical spread of the companies*

Precious Jewellery

<b>Harare</b>	<b>Products (Manufacturers)</b>
a) Aurex Holdings	Gold
b) Goldcatch	Gold
c) Sterling Crafts	Gold & Silver
d) Silver Creations	Silver
<b>Bulawayo</b>	
e) Crown jewelers	Gold & Silver
f) Swiss jewelers	Gold & Silver
g) Kings Jewelers	Gold & silver

Costume Jewellery

Harare	Products (Retailers)
a) Amber Manufacturing	Fashion Jewellery
b) Alpha jewelers	Fashion Jewellery
c) Barbours	Fashion Jewellery
d) Shiraz Jewelers	Fashion Jewellery

**3. Major Players**

- a) Aurex Holdings
- b) Sterling Crafts

**4. Production-supply capacity**

The main challenge on production side is that jewelers have been restricted from the access of minerals by the licensing requirement of US\$1000.00 per year, thereby making it difficult for them to produce jewellery.

**5. Zimbabwe Trade**

*Zimbabwe Exports to the World of Articles of Jewellery of Precious Metal or Clad With Precious Metal*

Country	2006 (US\$)	2009 (US\$)	2010 (US\$)
US United States of America	1,722,657	18,121	0
ZA South Africa	163,737	967,061	744,224
NL Netherlands	65,703	0	0
GB United Kingdom	4,127	0	0
IT Italy	338	0	0
KR Korea Republic	83	0	0
QA Qatar	1	0	0
IN India	0	0	0
ZM Zambia	0	0	1,941
<b>TOTALS (\$)</b>	<b>1,956,646</b>	<b>985,183</b>	<b>746,166</b>

Source: ZIMSTAT

*Zimbabwe Imports From the World of Articles of Jewellery of Precious Metal or Clad With Precious Metal*

<b>Country</b>	<b>2006 (US\$)</b>	<b>2009 (US\$)</b>	<b>2010 (US\$)</b>
US United States of America	207,255	3,555	230
IT Italy	158,874	728	14,326
TH Thailand	6,566	0	0
CH Switzerland	5,454	0	0
ZA South Africa	4,148	120,202	156,589
SG Singapore	2,910	0	0
IN India	2,410	517,098	282,789
NL Netherlands	1,054	0	0
GB United Kingdom	551	3,740	3,532
CN China	278	186	4,335
AE United Arab Emirates	275	696	1,514
HK Hong Kong	2	0	0
TR Turkey	0	26,540	38,885
ZM Zambia	0	14,474	0
LK Sri Lanka	0	14,192	0
BW Botswana	0	84	0
<b>TOTALS (\$)</b>	<b>389,778</b>	<b>701,494</b>	<b>502,200</b>

*Source: ZIMSTAT*

## **6. Challenges faced by the sector**

- a) Generally the industry uses manual methods of production. This is mainly attributed to the fact that most jewellery businesses are family business. For such businesses to import modern equipment, it would need a lot of money and people who are trained to operate the machines.
- b) Zimbabwe has lost skilled human resource in this sector to foreign markets seven years back when the sector started declining.
- c) The local market for precious jewellery is still small. It is unaffordable to the majority of Zimbabweans. Therefore, given this situation the industry has remained small.
- d) The licensing requirement is too stringent, and does not promote the jewelers. Currently the fee is at US\$1 000.00 per year.
- e) There are no government laws to support and protect the jewelers, only for miners.
- f) The cost of borrowing money is unaffordable to small scale producers and new entrants into the industry.

- g) Local jewelers mainly thrive on the performance of the tourist industry. Most local jewellery products are consumed by foreign tourists. Due to the current low trafficking of tourists the jewellery business has been seriously affected.
- h) Low production capacity to meet large orders
- i) Production of products whose quality cannot compete on the international market
- j) Protectionist policies adopted by some countries have made it difficult to penetrate foreign markets. India, for example, charges 600% duty on imports of jewellery products.
- k) Jewellery products are seen as luxuries that are affordable only by the rich. This explains why many of jewelers tend to produce for individual orders.
- l) Absence of formal training in jewellery manufacturing
- m) Panning, particularly of gold is very rife in Zimbabwe. Some manufacturers of jewellery have resorted to purchasing minerals from panners who offer lesser prices than the RBZ. This has brought almost unfair price competition between those who purchase gold from the RBZ and those from panners.

## **7. Sector needs analysis**

- a) Capital loans to support Small to Medium Enterprises (SMEs) jewellery projects.
- b) Placing tax holidays for SME jewelers.
- c) Removal of tariffs on imported jewellery manufacturing equipment.
- d) Government needs to put laws which will allow jewellery manufacturers to access precious stones used for jewellery production in order to boost the industry.
- e) Creation of favourable economic environment is a pre-requisite as it will greatly stimulate the growth of the industry. Closely related to this, is thriving tourist industry. Major consumers of jeweler products in the country are foreigners Tourists. Attraction of tourist will boost the sector.
- f) Tougher measures to be put in place to eradicate gold panning so that gold can be purchased from one legal source.
- g) The sector needs an aggressive marketing of its products, and ZimTrade should be greatly involved.
- h) Favourable Trade Agreements with major jewellery importers may also help. Due to restrictive tariff policies imposed by major jeweler consumer's countries in the Europe and

beyond, the conclusion of favourable trade pacts could boost exports of jewellery to those countries.

### **Findings and evaluation**

- a) It is hard to obtain a significant position in the international jewellery trade for the moment because our jewellery is handmade and labour intensive. Production capacity is low, the level of technology is still behind, product innovations and variety in design are limited.
- b) Reviewing of the mining laws in attempts to enhance public ownership of the sector. To establish mining laws with the aim that the sector will benefit the citizens.
- c) Banning of raw exports on minerals to spur development of the local processing industry, thereby boosting the economy and recouping profits. Dealers found violating the sanction will have their consignment confiscated and licences nullified.
- d) Establishing a formal school in jewellery design and manufacturing preferably at any one of the technical colleges. Prospective jewelers to be taken on bench making visits to South Africa and other EU countries with ZimTrade's assistance.

### **Conclusion**

With reference to the sector's challenges and findings the sector needs

- a) Capital injection
- b) Government support in terms of reviewing mining laws so as to have the sector contribute immensely to the economy.

### **Recommendation**

There is need for ZimTrade to assist in creating a forum for discussion between government and the industry. The aim of which will be to create a better and compliant environment for the jewelers and a better understanding by government of issues and challenges affecting the industry.

## **8. Business Contacts**

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