

# **UNITED ARAB EMIRATES**

## **JEWELLERY - BRIEF ANALYSIS**

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## 1. THE GULF REGION

The Gulf region, located between Europe and the Indian sub-continent, remains a strategically important area of the world with over 65% of the world's oil reserves. The main trading block in the region is the Gulf Co-operation Council states ("GCC") comprising Saudi Arabia, The United Arab Emirates ("UAE"), Bahrain, Kuwait, Oman and Qatar. Although not as firmly integrated yet as the European Union, there are plans to establish a common import tariff (5.5% to 7.5%) and eventually a common currency (linked to the US dollar as most Gulf currencies currently are). To the North of the Gulf is Egypt, which is experiencing large scale development of new cities to house the increasing population along with substantial investment in its tourist infrastructure.

Across the Arabian Sea are Iran, Iraq and the Indian sub-continent. All these areas have enormous commercial potential and they all trade with the GCC states. Access to these markets, and indeed the GCC countries, is available through the commercial centre of the region, Dubai in the UAE, with its two large container ports and sophisticated air, road transport and communications links.

The Gulf region has the fastest growing population rate in the world. The high birth rate, coupled with the wealth resulting from the oil reserves and now the large scale gas production, has created a dynamic high growth economy in the region. The population is forecast to grow to 172 million by the year 2010 and this will create a market that will rank alongside the EU, the US and Japan as one of the largest in the world.

The main thrust of the U.A.E's strategic plan for development is to achieve high economic growth through the promotion and strengthening of a number of fast growing sectors including retail trade, tourism construction and finance.

## 2. THE ECONOMY – U.A.E

The Dubai economy is far less dependent on oil exports when compared to the other countries in the region. Dubai's economy grew 16 per cent in 2005, beating China's 8.5 per cent growth forecast for the year, according to the Department of Economic Development (DED).

With strong economic fundamentals backed by business friendly governmental policies, the Emirate's GDP was estimated to have reached Dh136 billion last year and is expected to touch the Dh150 billion mark in 2006, said DED, Dubai government's trade licensing and economy regulatory body. This translates to a whopping Dh123,636 (\$33,688) per capita GDP for Dubai's estimated 1.1 million population.

Meanwhile, the UAE's GDP is expected to have grown nearly 12 per cent in 2005, reaching Dh424 billion from the previous year's Dh379 billion, according to the Ministry of Economy and Planning. At this rate, the country's per capita GDP is expected to cross Dh87.000 by the end of the year.

### 2.1 Re-export

Dubai is a natural re-export and distribution centre for the region. Strategically located mid-way between the Far East and Europe, Dubai has a highly developed and efficiently managed transportation infrastructure, equipped with the latest cargo handling facilities. Dubai Ports Authority, combining Port Rashid (35 berths) and Jebel Ali Port (67 berths), ranks among the world's top ten in terms of berths and top fifteen in terms of container throughput. Dubai's ports are served by a large and growing number of international lines with world-wide links, combined with feeder services to Iran and other regional markets.

## 2.2 Tourism

Dubai continues to develop as a popular tourist centre. There are plans to build 45 new luxury hotels, in addition to the existing 280 hotel resorts, a US\$1 billion 'Festival City' on the Creek waterfront in Al Garhoud including shopping malls, restaurants, a convention centre, marina and hotel, Dubailand, and a whole host of Dubai shopping malls which are either being extended or newly constructed.

Dubai has also established itself as the sports capital of the Middle East, hosting world class international events that attract some of the biggest names in their respective sports.

It hosts the world's richest horse race – The Dubai World Cup - and is also on the ATP tennis tournament circuit and the European PGA Tour (Desert Classic). In the last two years, international pop stars and bands have also made appearances in Dubai, adding further credibility to Dubai's aims to make itself a world-leading leisure destination.

This has in turn led to a massive increase in tourist numbers: figures for the first quarter of 2004 showed that passenger numbers at Dubai airport increased by 25% to 5.3 million over the same period for 2003. Visitors to Dubai for the first quarter of 2004 have increased by 17% to 1.5 million over 2003 figures. Dubai aims to attract 15 million tourists a year by 2010.

Dubai currently has air links via 65 airlines to over 100 cities worldwide.

### 3. THE JEWELLERY SECTOR

#### 3.1 Macroeconomic Overview

Dubai is known as the 'City of Gold' and for a good reason. Dubai, the fastest growing gold centre in the world, imports on average 300 tons of gold annually from all the major manufacturing centres of the world.



Dubai has had a long history with gold and jewellery, starting with its status as a major trading port in the 19th century. Dubai's famous Gold Souk, one of the largest retail gold markets in the world, started in the 1900's with just a handful of retailers. It grew substantially in the 1940's and 50's when it also got an ornate wooden covering. This was updated in the 70s with the rapid expansion brought on by the oil boom.

It has now grown to nearly 400 retail and wholesale units, including over 275 retailers; all this in an area of half a square kilometre. The Souk has been modernized, and shop displays are constantly being refurbished to adhere to international standards. Despite the growth in size, the Souk remains a tantalizing introduction to the Arabian world, with narrow alleys and traditional wooden archways, all set against hundreds of shops displaying tons of gold, diamonds and other precious gems. There are now over 600 gold outlets in the city of Dubai alone.

The quality of Dubai's gold is famous, as is the impressive variety of stylish designs. Another reason for Dubai's successful gold industry is the free trade environment, which makes Dubai probably the cheapest place in the world to buy jewellery.

On an annual basis, Dubai imports 300 tons of gold for retail and wholesale; much of this is routed through Dubai to other GCC countries, as Dubai has become a regional

hub for gold and jewellery trading. The approximate value of this trade is Dhs12 billion annually.

Dubai is now the most efficient and cost effective gold and jewellery centre in the world. The same piece of jewellery bought in Dubai can be up to 50% cheaper than an identical piece purchased in Europe. In addition an estimated 95 % of visitors and tourists to Dubai will purchase gold and jewellery. As visitor numbers to Dubai are anticipated to increase to between 10 and 14 million from their current figure of 4 to 5 million this can only be further good news for the industry in Dubai.

In recent years, new gold shopping centres have also been built, including the sophisticated Gold and Diamond Park (link) on Sheikh Zayed Road. The Dubai Metals & Commodities Centre (DMCC), a strategic government initiative offers a unique opportunity for participants in a wide range of commodities industries. It provides facilities that bring together the gold and precious metals; diamonds and coloured stones and other commodities sectors. The Centre aims to attract key players throughout the entire value chain of each of these industry sectors, together with relevant support industries such as finance, logistics and insurance.

DMCC will integrate the refining, manufacturing and trading of gold, as well as introduce the trading of other precious metals such as platinum, palladium and silver. DMCC's 300-hectare development is situated in the heart of 'new' Dubai adjacent to Dubai 's newest projects including The Palm Island and the Dubai Marina. Strategically located in close proximity to the major port of Jebel Ali and in easy reach of Dubai International Airport, the Centre lies between the fifth and sixth interchange on the Sheikh Zayed highway.

DMCC's purpose-built facilities include a jewellery-manufacturing complex - the Jewellery & Gemplex, 3 commercial towers - the landmark Almas Tower, the prestigious AU Tower and the Elaf Tower and several refineries.



### 3.2 Gold Facts about Dubai

- **Per capita gold bought every year of 34 gr.** more than an ounce (31.1g), is the highest in the world;
- More than two thirds of the population buys gold at least once a year;
- 48% of all gold is for gifting;
- 28% is for self;
- 95% of all tourists buy gold;
- On an average every person buys five pieces of gold jewellery every year;
- Each piece is worth \$400 on average, so the average yearly spend is \$2,000;
- 76% of all Dubai residents own gold;
- 80% intend to buy gold in the next year;
- 90% of the jewellery market is plain gold jewellery (as against 10% gemset);
- 90% of all jewellery in Dubai is imported;
- **Imports** come from Saudi, India, Pakistan, Thailand, Italy, Malaysia, Singapore, Bahrain;
- Dubai is the Middle East supply hub for the jewellery market;
- **95%** of all jewellery sold is **above 21 karat**; the rest is 18 karat;



- Dubai has over 600 shops, the densest concentration in the world;
- Dubai's Gold Souk has 275-plus shops in a half a square kilometre area;
- At any given time over 25 tonnes of gold is on display in jewellery shop windows;
- Jewellery is sold on gold price plus making charges unlike in the West, where it is per piece.

**Dubai is the world's second largest redistributors of bullion;** it imports 360 tons and re-exports almost all of it (350 tons).

Under local law it is mandatory for gold jewellery sold in Dubai to carry the gold purity hallmark. In short, you can be sure that gold and jewellery bought in Dubai is 'quality at the world's best price'.

### 3.3. Channels to market and buying decision process

#### **Retailers**

Damas is the largest in Dubai with retail outlets internationally as well as the Gulf region. They have specialized stores for 18 karat, 22 karat and diamond jewellery. Also being exclusive distributors for Carrera & Carrera, Roberto Coin, Damiani, Chimento, Arimar, Tiffany & Co., Scavia, Marina B, Montega, etc.

ARY Jewellery; Shattaf Jewellers; Mahalatti Jewellers; Pure Gold Jewellers; Al Liali Jewellery; Popley - these companies offer their customers a wide variety of jewellery to choose from whether it is 18, 21 or 22 Karat jewellery or Diamond jewellery. Their customers vary in nationality.

Most of the other larger retailers such as Joy Alukkas group, Al Haseena, Kanwar Jewellery, Chittilapilly, retail 21 karat gold and above as well as exclusive diamond and gem studded jewellery. Their customers are mostly Arabs, Asians and also the Asian tourist traffic. Large supermarket chains including Carrefour & Geant franchise

out their jewellery outlets locally while department stores i.e. Jashamnal and specialist retailers such as the Rivoli Group franchise branded jewellery and watches form around the world, including Links of London.

Additionally large 'family' companies including the Al Tayer group retail brands such as Asprey which they franchise as single brand outlets throughout the region.

Even though 95% of the jewellery sold in Dubai is over 21 karat gold, the retailers with outlets in 5 star hotels and malls do keep a large variety of 18 karat jewellery mainly for the European market.

All the major pearl companies are represented in the U.A.E. Umi pearls, Minato, Mikura, Jewelmar, and of course pearls from Bahrain and the gulf region which are traditionally very popular with the Arab and the Asian populations.

## **Wholesalers**

A significant number of the major retailers are also wholesalers, with some companies being purely wholesalers.

The buying process would be influenced by 4 factors: weight, hallmark, design and making charges. Jewellery in Dubai are sold on current gold price plus making charges unlike other countries where it is priced per piece.

**The wholesalers<sup>1</sup> who showed an interest in designs and jewellery from Portugal are:**

ARY Jewellers	Favor Jewellers
Al Liali Jewellery	Shattaf Jewellers
Damas Jewellery	Zumuruda Jewellers
Sky Jewellery	Manish Jewellers
Siroya Jewellers	Fashion Gold Jewellers
Noble Jewellery	Kanwar Jewellery
Ramnikal Jewellers	Platinum Jewellers
Goldy Jewellers	Al Futtain Jewellers
Mahallati Jewellery	Ghassan Gold and Jewellery

The 2 major for 18k gold jewellery wholesalers are Zumuruda and Damas.

Manufacturing in Dubai is quite limited most of the jewellery is imported. Manufacturing is basically of machine made bangles and chains and bracelets, and setting of diamonds and gems.

**Companies<sup>1</sup> who showed interest in silver jewellery from Portugal are:**

Samer Jewellery, Adonees Jewellery, Dayalji Dayalal Soni, Ciro Jewellers.

#### **4. FASHION TRENDS**

Dubai caters to the needs of all nationalities. Diamond jewellery being in vogue nowadays is available to suit every pocket. White and pink gold are more popular with the Europeans and Russians. Yellow gold still remains the favourite for the Asians and the Arabs.

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<sup>1</sup> Listed in the end.

## COMPANIES INTERESTED IN PORTUGUESE JEWELLERY

Company	Telephone (+971 04)	Fax (+971 -04)	P.O. Box	City	Quality of Jew.	Type of Gold	E-mail	Website	Manuf.	Whol.	Retail
A R Y Jewellers	2258462	2262858	1123	Dubai	18,22k	Yellow	<a href="mailto:jewellers@arygold.com">jewellers@arygold.com</a>	<a href="http://www.aryshop.com">www.aryshop.com</a>	y	y	y
Al Liali Jewellery	3443954	3420330	39282	Dubai	18k	Yellow, White & platinum	<a href="mailto:alliali@emirates.net.ae">alliali@emirates.net.ae</a>	<a href="http://www.allialijewellery.com">www.allialijewellery.com</a>	y		y
Damas Jewellery LLC	2266036	2263789	1522	Dubai	18,21 & 22k	yellow, white & platinum	<a href="mailto:gold@damasjewellery.com">gold@damasjewellery.com</a>	<a href="http://www.damasjewel.com">www.damasjewel.com</a>	y	y	y
Sky Jewellery	2253734	2254594	4005	Dubai	22 & 18k	Yellow & White	<a href="mailto:info@skygroup.org">info@skygroup.org</a>	<a href="http://www.skyjewelery.com">www.skyjewelery.com</a>	y	y	y
Siroya Jewellers	2265678	2251840	6067	Dubai	18, 21 & 22K	Yellow & White	<a href="mailto:siroya@emirates.net.ae">siroya@emirates.net.ae</a>		y	y	y
Samer Jewellery	2291103	2291104	29320	Dubai			<a href="mailto:sameri@emirates.net.ae">sameri@emirates.net.ae</a>	<a href="http://www.samerjewellery.com">www.samerjewellery.com</a>		y	
Adonees Jewellery LLC	2255000	2255111	21359	Dubai			<a href="mailto:adonees1@emirates.net.ae">adonees1@emirates.net.ae</a>			y	
Noble Jewellery LLC	2290708	2290533	28739	Dubai	18k	Yellow & White	<a href="mailto:noblejew@emirates.net.ae">noblejew@emirates.net.ae</a>			y	
Platinum Jewellery	2291100	2290011	111585	Dubai	18k, Platinum	Yellow, White and platinum	<a href="mailto:platinumdx@yahoo.com">platinumdx@yahoo.com</a>		y		y
Ramnikal Jewellers LLC	2259554	2255741	57994	Dubai	22, 21 & 18k	Yellow & White	<a href="mailto:Mihirzaveri2001@yahoo.co.in">Mihirzaveri2001@yahoo.co.in</a>			y	
Dayalji Dayalal Soni Jewellers Co LLC	2254222	2254264	1663	Dubai	22	Yellow	<a href="mailto:ddsoni@hotmail.com">ddsoni@hotmail.com</a>			y	
Mahallati Jewellery	2255830	2255513	55939	Dubai	18 k	Yellow & White	<a href="mailto:mahalati@emirates.net.ae">mahalati@emirates.net.ae</a>		y	y	y
Goldy Jewellers	2256778		28259	Dubai	18k	Yellow, white & pink	<a href="mailto:goldy1@emirates.net.ae">goldy1@emirates.net.ae</a>			y	
Ghassan Gold & Jewellery	2262228	2268544	62366	Dubai	18k	Yellow & White				y	
Favor Jewellers	2265459	2266031	1846	Dubai	18 k	Yellow & White	<a href="mailto:favor@emirates.net.ae">favor@emirates.net.ae</a>			y	y
Shattaf Jewellers LLC	2264264	2264747	7414	Dubai	18,22k	Yellow & White	<a href="mailto:stgold@emirates.net.ae">stgold@emirates.net.ae</a>			y	y
Zumuruda Jewellery LLC	2252222 2261853	2253322	399522	Dubai	18k, 21k	Yellow & White	<a href="mailto:zumuruda@emirates.net.ae">zumuruda@emirates.net.ae</a>			y	
Manish Jewellers LLC	2268488	2255137	19376	Dubai	18 & 22	Yellow and White	<a href="mailto:manishjw@emirates.net.ae">manishjw@emirates.net.ae</a>		y	y	y
Fashion Gold Jewellers	2225575	2276883	14727	Dubai	10,14,18,21,22k	Yellow & white	<a href="mailto:fgjew@emirates.net.ae">fgjew@emirates.net.ae</a>	<a href="http://www.shahintl.com">www.shahintl.com</a>	y	y	y
Kanwar Jewellery	2264436	2265367	19816	Dubai	18,21,22	Yellow & White	<a href="mailto:alshahba@emirates.net.ae">alshahba@emirates.net.ae</a>		y	y	y
Al Futtain Jewellery	2224142	2224599	7916	Dubai	18k	Yellow, white & platinum	<a href="mailto:joseph.eapen@alfuttain.ae">joseph.eapen@alfuttain.ae</a>	<a href="http://www.watches.uae.com">www.watches.uae.com</a>	y	y	y
Ciro Jewellers	3517227	03551302	8022	Dubai			<a href="mailto:modelza@hotmail.com">modelza@hotmail.com</a>				y