



INDUSTRY CAPABILITY REPORT



Sri Lankan Diamonds, Gems & Jewellery Sector

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1. INTRODUCTION

Sri Lanka has a long traditional association with the international Gem and Jewellery trade and has been known as the cradle of treasures for its precious, natural gemstones. The art of jewellery making and Sri Lanka's gem industry have been widely acclaimed in literary works dating as far back as 250 B.C. Legend has it that King Solomon, wooed Queen Sheba with gifts of priceless Sri Lankan gems and that throughout the ages Sri Lankan gems have adorned Crowns and Thrones and bedecked royalty the world over, including more recently, Queen Victoria, Princess Diana of Britain and Duchess of Cambridge.

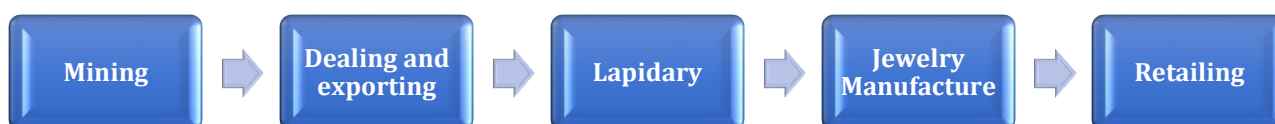
Sri Lanka is currently positioned in the global market as a source of supply of high-quality Gems and is reputed to be a quality cutting & finishing centre in the world producing stones that meet the highest standard.

Since historic times, the jewellery industry has developed considerably and today Sri Lanka has both traditional jewellery industry and export-oriented industry ready to supply to the international market. Sri Lanka is also well known for diamond cutting skills where quality is a pre-requisite. Sri Lanka's specialty is in cutting of small diamonds with exceptionally high quality.

2. TYPES OF PLAYERS

There are around 300 exporters of gems, diamond and jewellery which fall under the categories of large, medium and small. Most of the exporters are SMEs and they are scattered across the country.

The business Value Chain of Sri Lanka's Gem and Jewellery Industry



The entire industry employees around 650,000 persons including Miners, cutters and polishers, dealers, jewellery designers and Craftsmen, mechanists and sales people

3. KEY PRODUCTS AND VARIETIES

Sri Lanka is blessed with over 70 varieties of coloured stones out of 200 found in the world and is among the five most important gem-bearing nations of the world.

Sri Lanka's mineral rich soils have been yielding a seemingly never-ending supply of high quality precious and semi-precious gem stones such as sapphires in its shades of blue, pink, yellow, green colours, star sapphires, Rubies, Star Rubies, Alexandrites, Cat's eyes, garnets, Zircons, Tourmalines, aquamarines topaz, Spinals, Moonstones, quartz and a large number of rare gemstones.

Amongst the outstanding gemstones that Sri Lanka has produced in the contemporary era are the Blue Giant of the Orient (466 cts), Logan Blue Sapphire (423 cts), Blue Belle of Asia (400 cts), Rossar Reeves Star Ruby (138.7 cts), Star of Lanka (393 cts. Star Sapphire) and Ray of Treasure (105 cts. Cat's Eye). The first three gemstones are on display at the Smithsonian Institute in Washington DC, USA.

The Gems and Jewellery Industry can be classified in to various sub segments like Diamonds, precious stones, gold and silver jewellery, fashion and ethnic jewellery etc. However, the three major segments in Sri Lanka are precious stones, gold and silver jewellery and Diamonds.

4. SEASONAL VARIATION

There is no major variation in the gem and jewellery sector. However, during the months of May- July there is an increased demand for bridal jewellery which is mainly white/yellow gold with Diamonds and Sapphire.

Gems	Diamond	Jewellery
<ul style="list-style-type: none">• Free size and investment gemstones• Calibrated gemstones• Rare gemstones• Gem cutting services	<ul style="list-style-type: none">• Cutting and polishing of Diamonds	<ul style="list-style-type: none">• Manufactured in 9K, 14K, 18K gold, Platinum Sterling Silver or combination of 2 or more metals.

5. SPECIALTIES ASSOCIATED WITH PRODUCTS

A unique feature of Sri Lanka's gem mines is that an assortment of gems such as Spinels, Corundums (Blue and Star Sapphires, Rubies) Cat's Eyes, Zircon and many others are found in a single gem pit. Gem mining in Sri Lanka is almost entirely confined to sedimentary deposits.

The techniques of mining and processing in Sri Lanka though labour intensive is very efficient compared with gem mining in other developing countries and the recovery of fine gems as small as one millimetre or less is assured. Protection of the environment is ensured by law.

Sri Lanka Blue Sapphire's have been well-known for many generations for its natural colour and luster. And it is the Sri Lanka's Gem Supreme and the finest in the world. This precious gem has a high clarity transparency and saturation of colour which is a hall mark of an excellent Blue Sapphire.

Sri Lanka's jewellery makers have refined their hereditary skills over centuries, to attain the highest standards in exquisite craftsmanship and sophisticated creativity with the modern touch. With the addition of the latest technology in design and manufacture, and a new focus on design excellence, Sri Lanka is emerging as a design centre offering high quality jewellery collections of Silver, Gold and Platinum.

6. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY & KNOWN CLUSTERS IF ANY

There are 5 major gem producing areas in Sri Lanka with Rathnapura (the "city of Gems") being the traditional gem mining area. The gem-bearing is approximately 80 miles in length and 20miles wide, and lays south-west of the central hills. Apart from this main belt of production, there are also gem producing areas in several other parts of the country.

Jewellery making has been a traditional industry in Sri Lanka and there are a number of traditional craft villages spread around the country. The main villages are in the Southern province and the Western Province.

7. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)

Due to the highly diverse nature in this sector, it is hard to determine the size of production. However, the value and quantity of exported diamonds, gems and jewellery (during the last three years) are as follows.

Description	Value US\$. (Mn)		
	2021	2022	2023
Diamonds	121	158	222.9
Gems	155	223	146.8
Jewellery	13	14.4	14.3
Total	289	395.4	384

Source: Sri Lanka Customs

8. TOTAL GROWTH IN THE SECTOR IN LAST 3 YEARS

Description	Value US\$. (Mn)				
	2021	2022	% Growth (2021 to 2022)	2023	% Growth
Diamonds	121	158	30	222.9	41
Gems	155	223	43	146.8	-34
Jewellery	13	14.4	8	14.3	0
Total	289	395.4	37	384	2.8

Source: Sri Lanka Customs

9. KEY PLAYERS OF THE SRI LANKAN APPAREL SECTOR

DIAMONDS

- DIAMOND CUTTERS LTD
- NISOL DIAMONDS PVT LTD
- NIRU LANKA EXPORTS PVT LTD
- BROOKY DIAMOND PVT LTD
- LYDIE'S DIAMONDS PVT LTD

GEMS

- ELLAWALA EXPORTS PVT LTD
- PRIYANTHA GEMS
- MUSHAN INTERNATIONAL
- GEM PARADISE
- PUNSIRI GEMS

JEWELLERY

- N J EXPORTS PVT LTD
- CEYLON JEWELRY MANUFACTURERS PVT LTD
- TROPICAL FINDINGS PVT LTD
- R K S LANKA PVT LTD
- RENELLE PVT LTD

10. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

Approximately 650,000.

11. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR

Sri Lanka's membership of the Convention on the ATA Carnet, facilitates the smooth transportation of jewellery.

An Import Export Gem Office at the Cargo Village in International Airport, Katunayake expedites the clearance of rough gemstones & export of cut & polished gems, jewellery & diamonds.

12. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

Gem & Jewellery Research & Training Institute, University of Moratuwa, Vocational Training Institute, Technical College provides training & research facilities for the Gem & jewellery industry. Further National Gem & Jewellery Authority, Export Development Board, Gemmologists Association too organize product/design development programmes for the sector.

13. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

The industry uses advance technology in cutting of Gems and Diamonds as well as jewellery manufacturing. The industry consists of a highly skilled and trained work force.

14. GROWTH IN EXPORTS AND MAIN IMPORTING COUNTRIES OF LAST 5 YEARS

The average growth in last 05 years (2019 – 2023) in export of Diamonds, Gems and Jewellery is 23.6%.

- Israel is the major importing country for Diamonds
- United States is the major importing country for Gems
- UAE is the major importing country for Jewellery

15. POTENTIAL FOR EXPANSION IN THE SECTOR

- Availability of gem deposits in most parts of the country.
- Well employed lapidaries
- An educated and trainable workforce.

16. STRENGTHS AND WEAKNESSES OF THE SECTOR

Strengths	Weakness
<ul style="list-style-type: none">• Capacity to build a highly comprehensive gem and jewellery industry• Inherent craftsmanship• High potential for employment generation• Ready access to technical assistance and business development services.• Long history of gem cutting – artisan culture which still sustains itself• An educated and trainable workforce• The availability of a wide variety of precious and semi-precious gem stones	<ul style="list-style-type: none">• Lack of infrastructure facilities• Lack of proper technology• High cost of raw materials• Lack of strategic focus for the sector• Limited access to credit.• Low participation of younger generation.

17. USEFUL LINKS

- National Gem & Jewellery Authority - www.ngja.gov.lk
- Sri Lanka Gem & jewellery Association - www.slgja.org

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