

The Effects of APEC Early Voluntary Sectoral Liberalization on Jewelry and Gems*

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Abstract

The Philippine jewelry industry has long been identified by government with luxury - thereby leading to the imposition of high taxes and tariffs. This state has driven most industry players underground. As part of the informal economy, the sector is now plagued with problems of informal sourcing of raw materials, of unclear definitions regarding its products, and of neglect by government according to industry insiders. This is sad considering the export potential of the local jewelry sector - given its strengths particularly the high skill of local craftsman - aside from the foregone tax revenues and the lost opportunity of raising local incomes. The EVSL is a welcome development in the industry's road toward increasing its formalization and in solving its raw material sourcing difficulties. However, the full opening of the local market for finished jewelry and pearls requires careful consideration as local producers need time to adjust for being so informal for so long

* The views expressed herein do not necessarily represent the official views of the Philippine government in general, and/or the WTO/AFTA Advisory Commission in particular. This industry paper was prepared to provide some basic or background information; hence, in no way it is exhaustive. The intent is to offer the initial set of information for discussion and in the process, elicit the ideas that could be helpful in formulating the appropriate strategies in the development of this industry sector.

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