2022 Hanoi Market Forum: Towards a More Open Gold Jewellery Market

Singapore Bullion Market Association (SBMA)

Vietnam is a potentially massive consumer segment for jewellery. However, enterprises have not been able to import gold, resulting in a limited supply of raw materials and hence, difficulties in scaling domestic jewellery production. Need for SBV to introduce policies that 1) enable eligible enterprises to import gold raw materials and 2) support the development of gold jewellery production and trading.

The Hanoi Gold Forum, organised by the Vietnam Gold Traders Association (VGTA) and the World Gold Council (WGC) and supported by the Singapore Bullion Market Association (SBMA), gathered representatives from the State Bank of Vietnam (SBV), policymakers, local and foreign industry participants to discuss the development of Vietnam's gold market.

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In their opening speeches, Dao Xuan Tuan, director general of SBV's Foreign Exchange Department and Nguyen Thanh Long, VGTA chairman, thanked the audience for their participation and said they were looked forward to exchanging and debating ideas, as well as learning about the opportunities and challenges in the local gold market from the lens of both local and foreign delegates.

Andrew Naylor, regional CEO of WGC, APAC (ex-China), walked the audience through WGC's Gold 247 initiative, setting the backdrop of what could be the goal of the local industry within the global context. The initiative aims to 1) boost retail demand by building trust for gold as an asset class and 2) increase institutional demand by increasing market integrity and reducing fragmentation by having a chain of custody across the global gold market through digitalisation, based on the foundations of integrity, accessibility and fungibility.

Albert Cheng, CEO of SBMA, then gave an overview of the ASEAN gold market, focusing on Vietnam's gold exports. He noted that the jewellery and gold market across the region has been doing well over the past few quarters, with the economy picking up from the pandemic. For Vietnam to keep growing, he challenged the audience to be prepared to capture the growth from external markets as the country is also part of the Regional Comprehensive Economic Partnership (RCEP).

Sheela Kulkarni, WGC India's head of market development, brought delegates' attention to India's gold industry, highlighting the challenges it currently faces, such as fragmentation and lack of traceability and organisation across the industry. Nonetheless, WGC has launched initiatives to mainstream gold as an asset class and formalise the market, including hallmarking, setting up India's first Precious Metals Assay and Training Institute and building essential market infrastructure like the India International Bullion Exchange (IIBX).

Dinh Nho Bang, VGTA general secretary, presented a report on Vietnam's gold jewellery market, noting that the country is in a golden population period, where 69% of its people are of working and consumption age (15 to 64), and 51% are women – potentially a massive consumer segment for jewellery in the country. However,

enterprises have not been able to import gold, resulting in a limited supply of raw materials and hence, difficulties in scaling domestic jewellery production. He urged SBV to introduce policies that 1) enable eligible enterprises to import gold raw materials and 2) support the development of gold jewellery production and trading.

The first-panel session, moderated by VGTA vice chairman Huynh Trung Khanh, focused on the development potential of Vietnam's gold industry. Nguyen Thi Huong, deputy CEO of DOJI Jewelry Group, talked about the use of industry 4.0 technologies to develop the gold jewellery industry, quoting how DOJI used AI, AR and VR to provide customers with a unique shopping experience and adopted 3D crafting technology to produce 24K gold jewellery. Le Tri Thong, CEO of Phu Nhuan Jewelry, explained the rationale for allowing the import of international gold materials, including increasing the country's revenues and minimising "foreign currency bleeding" due to gold smuggling.

SBMA CEO Cheng returned to the

stage as a moderator, leading the second panel on the experience of the development of ASEAN gold markets. Ng Yih Ping, TOMEI Group CEO, shared how Malaysia's gradual tax exemption on imported raw materials and its zero tax policy on exports have over the years helped transform Malaysia into an export-oriented jewellery industry, with the Islamic state exporting more gold jewellery than consumed locally.

Jonathan Prayoga, CEO of SKK Jewels, introduced Indonesia's jewellery industry and highlighted the

gold bar and gold jewellery market size amounting to 19.8 tonnes and 54 tonnes, respectively, in 2021. Prida Tiasuwan, chairman of Pranda Group, urged the regulators to focus on the potential opportunities of allowing the import and tax exemption of gold in raw material form, like in the case of Thailand. He believed that in doing so, the number of jewellery exporters in Vietnam would eventually increase from a handful to around 400-500. At the end, Chirag Sheth, the principal consultant of Metals Focus, explained that despite the war, geopolitical tensions and inflations around the world, gold prices have gone down, instead of up ideally, due to the ruthless strength of the dollar caused by the Fed's increase of interest rates. There is a possibility that gold prices are still headed lower from US$1,600 to US$1,550, unless the recession worries heighten, which in turn cause the Fed to pivot.

Director general Dao Xuan Tuan remarked that the forum was a success, and called on VGTA to provide a roadmap to all relevant government agencies to approve and adopt to support the gold jewellery industry. ∎∎∎