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MGA TO FACILITATE FOREIGN GOLD MARKET EXPANSION

PROMOTING GOLD & JEWELLERY TRADES BETWEEN ASEAN COUNTRIES AND CHINA

KUALA LUMPUR, 8 MARCH 2024 – Malaysia Gold Association (MGA) has jointly organised the 2024 China-ASEAN Gold and Jewellery Trade Collaboration Forum with China Gold Association (CGA) and United Overseas Bank (UOB) of China, that hosted more than 50 delegates (consisting of gold veterans, investors, bankers, jewellers) from 8 ASEAN countries to share insights on regional gold market trends, local demands, and other international trade-related matters (such as opportunities and challenges), here at Menara Public Gold, Kuala Lumpur, recently.

Among the delegates who attended this forum include **Zhang Yongtao** - Party Committee Secretary and Vice President cum Secretary-General of the China Gold Association (CGA), **Liu Yan Hong** – Party Committee Member and Deputy Secretary-General of CGA, **Yang Ruiqi** – Deputy General Manager of UOB China, **Dato’ Wira Louis Ng Chun Hau** – President of Malaysia Gold Association (MGA), **Dato’ Chiah Hock Yew** – President of the Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM), along with gold enterprises from China and ASEAN countries, totalling more than 50 delegates.

The core purpose of the forum is to explore ways to promote China-ASEAN gold and jewellery trade cooperation to attain greater business opportunities, globally.

China being the second largest economy in the world with a GDP of USD 17.52 trillion as of 2023 (according to estimates from China’s National Bureau of Statistics), has now become one of the most powerful trades in the world. Considering China being a major global economic power driven by massive industrial production and manufacturing exports, the Malaysia Gold Association (MGA) sees this as a great opportunity to leverage on China’s gold and jewellery processing and manufacturing advantages to fuel the growth of the precious metals industry in ASEAN countries, particularly Malaysia.

With advanced technology paired with excellent craftsmanship and designs, China is able to mass produce high-quality precious metal products for ASEAN countries at an exceptional pace. This will enable ASEAN gold and jewellery companies to accelerate their precious metals trades locally and abroad, generating rapid revenue growth.

ASEAN countries, such as Malaysia, have been predominantly a gold jewellery market for decades. Malaysia has also been a major exporter of gold jewellery. Prior to the Covid-19 pandemic, gold jewellery manufacturing in Malaysia stood at 44-52 tonnes, with 75% - 80% of the gold jewellery fabricated in Penang (Island and Butterworth).

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According to Dato' Chiah Hock Yew, President of FGJAM, "The most common and widely traded jewellery products in Malaysia are the 22-karat gold jewellery which made up nearly 90% of Malaysian gold jewellery market, followed by the 18K and 24K gold products."

In response to that, Zhang Yongtao, Party Committee Secretary of CGA pointed out that the Chinese gold and jewellery production technology has evolved drastically over the recent years. The 24K pure gold can now be manufactured to achieve the same hardness as 22K gold jewellery.

The demand for gold in Malaysia has been consistently high. Unlike Singapore, the Malaysia gold jewellery market has never been affected by the Goods and Services Tax (GST). Malaysians have been privileged to be able to buy gold jewellery at a tax-free rate. However, the sustainability of the gold and jewellery industry in Malaysia remained unclear with the impending High Value Goods Tax (HVGT).

To minimize the impact of HVGT on Malaysian gold industry, MGA has suggested for the government to consider setting a reasonable threshold price of RM50,000 for gold jewellery, with the lowest tax rate of 5%.

"The jewellery industry is crucial for the Malaysian market. We have thousands of jewellery shops and factories. If the threshold price is not rightly set, it would affect the industry greatly, such as job losses, and even risk losing prospective foreign investors like China altogether," said Dato' Wira Louis Ng, President of MGA.

"Consumers in Malaysia mainly purchase gold jewellery for gifting purposes, personal collections and/or to hedge against inflation. In the recent years, Malaysia's jewellery market saw a surge in demand for traditional and cultural pieces, not just among middle aged women, but also younger generations, which reflects the country's rich heritage and diverse population," he added.

At the conference, delegates from ASEAN countries have shared exceptional insights and informative overviews of their respective country's annual gold and jewellery consumption. They have also pledged to take up vital roles to support the China-ASEAN gold and jewellery trade collaboration.

"Forums are where key industry players gather and share insights on latest market trends and challenges. It is also a great networking session for industry gold leaders to explore opportunities for future collaborations beyond the forum. This will greatly benefit the global economy in the long run if everyone stays committed and jointly contributes their part," said the MGA President.

As part of the forum's programme, delegates from China had the chance to visit prominent gold and jewellery enterprises in Malaysia and Thailand, facilitated by MGA and attending delegates from Thailand. Overall, the event ended on a high note.

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