

## Rapaport Magazine



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## RUSSIA



### Russia

By Anastasia Serdyukova

## SALES PICKING UP

The mood at the market is becoming more positive because goods have started moving more smoothly along the diamond pipeline. ALROSA, Russia's largest diamond miner, increased its prices 2.5 percent on average in its trading session that ended on February 14. Prices have been stable since November 2013, according to the company.

"ALROSA saw a considerable revival at the market in January and February compared to the final months of 2013, and the increase in demand for extra rough from our clients is an indicator of it," said the company's representative.

"The market has accepted the increase in rough prices by ALROSA and De Beers," said Nikolay Afanasiev, the head of sales at Kristall Smolensk, adding that "Sales of polished also have improved, although there is more resistance to the increase in polished prices." Sanjay Jain from Dubai-based Brilliant Diamond LLC said that the larger volume of polished sales helped the market absorb the increase in rough prices. "The Olympic Games helped establish the positive mood. There were more tourists, and people in a festive mood tend to buy more," said Jain, whose company is parent to Russia-based Shreya Core.

### SMALL SELLING BEST

Afanasiev said the polished stones in high demand are medium sizes in VS1 to piqué. The polished stones that are selling best in Russia are .20 carats to .50 carats, with stones smaller than .30 carats usually imported. "The prices for small diamonds are increasing," said Mikhail Kuznetsov, the owner of Kostroma-based Belyi Brilliant, noting that prices of smaller 17-facet stones have increased around 10 percent over the past three months.

"The situation with large stones is slow in general," said Vladimir Konyakhin, director general of Grizant, which specializes in cutting large stones and selling them abroad. While fancy colors are selling well outside the country, he said that inside Russia, the market is still small for big stones. Many people prefer buying the larger stones abroad, Konyakhin added, because Russian laws regarding the purchase of gems are rather rigid and because people prefer keeping their assets outside the country.

### RETAIL IS A CHALLENGE

Jewelers and dealers reported that selling diamond jewelry has become increasingly challenging in Russia, both because of the high prices and because people are looking for something original. "The market has been slow since 2006 — something needs to be done to move the buyers," said Alexander Kurgansky, director of One Karat.

At the annual Junwex jewelry show held in St. Petersburg in early February, which is regarded as a major event for the industry, many companies introduced new marketing strategies to attract buyers. Kurgansky's company has launched a service called "a diamond ring in 24 hours," in which a customer can choose a mount and a stone online or at the store and receive the finished ring within that time period. While the company did a test run of the program with 1-carat stones, it launched the program with .20-carat to .50-carat diamonds because those sizes are more popular. The idea is to increase the volume of sales without incurring the extra overhead of opening additional stores.

Kurgansky said that consumers are more ready to buy VS1 clarity and G color when they see the price of IF clarity and D color. "There are no problems finding



### THE MARKETPLACE

- Prices for polished remain stable.
- .20 carats to .50 carats are the most popular sizes.
- Sampling of certified diamonds sold at Junwex and their prices: .50 carat D, VVS2 for \$6,167; .50 carat H, VVS1 sold for \$4,970; .30 carat D, VVS1 sold for \$1,700 and .30 carat G, VVS1 sold for \$1,400.

THE DIAMOND SHOW  
BASEL MARCH 2015

THE DIAMOND ONLY  
EXHIBITION.

THE  
DIAMOND  
SHOW  
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good stones from Russian manufacturers,” said Kurgansky.

### ITALIAN DESIGN, RUSSIAN STONES

Foreign companies are showing an increased interest in the Russian market. “The Russian domestic market is increasing, while Italian and other European markets are shrinking,” said Alessandro Pallavidini, director general of Guerci & Pallavidini, an Italian company that manufactures diamond mounts. The company has launched a partnership with St. Petersburg-based Yakutbrilliant that is intended to unite Italian design and Russian diamonds.

“This combination is appealing to customers because Russians like Italian design,” said Artyom Ayvazyan, the development director for Yakutbrilliant. Buying mounts in Italy is more expensive than making them in Russia, but people like the fact that the mounts are from Italy and it helps marketing.

“We are selling the idea of a tradition of family values and this works well in Russia,” said Pallavidini, showing one-stone engagement rings and three-stone rings that are being promoted as a gift for the mother of a first child.

Engagement rings are the best-selling diamond jewelry, with either one or two stones. “Russians have finally gotten into the classical design of an engagement ring, and they don’t readily accept other variations in the design of wedding rings,” said Aleksandra Zhelenina from Hrisos, a St. Petersburg-based jewelry house.

Jewelry designed with opals are massive in size because there are many large opal stones that have been imported from Ethiopia. Kuznetsov said that jewelry with sapphires is more popular than jewelry with diamonds. Veronica Boyarskay of Elite Miuz said that semiprecious stones of blue and green colors go well in this season and noted that, in terms of design, “Buyers prefer earrings and pendants of elongated forms.”

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