
Kristall Increasing Polishing Operations in Armenia

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CEO Maxim Shkadov of DTC Sightholder Kristall of Smolensk announced that the firm is planning to double its diamond production volume and sales to \$1 billion by 2013, the 50th anniversary of the company's founding, the Russian gold industry newsletter Vestnik Zolotopromyshlennika reported.

"We finished the first quarter approximately on the same level as last year - just over \$100 million. The results of the year should be around \$600 million," Shkadov said

He added that because, "The supply of rough from abroad grew significantly [and] shipments of Russian rough by Alrosa remained at the same level, this means that the firm's production growth can be attributed first of all to imports."

There is rapid development of the domestic market, Shkadov explained, saying, "We expect sales in the Russian market to grow by at least 20 percent. Over the past two years the Russian market has doubled itself - up to \$10-12 million.'

He added that Kristall's online sales have already earned it more than \$1 million.

Kristall launched its online diamond trading floor in early 2006.

As part of Kristall's overall expansion plans, Shkadov announced that the firm plans to ship approximately 3,000-4,000 carats of diamonds, worth around \$500,000 to \$600,000 to Armenia per month for polishing. The CEO noted that these will be mostly smaller goods, which are not profitable for Kristall to polish itself.

'The cost of polishing 1 carat in Russia is more than \$40, while in Armenia it is approximately \$25, with virtually no difference in quality,' Shkadov said.

In May alone, Kristall shipped more than 2,000 carats of rough to Armenia.

However, the price factor is not the only attraction to polishing in Armenia for Kristall. 'In terms of legislation, the import and export of goods to Armenia is much simpler and easier than to other foreign countries,' Shkadov noted.

Apart from Armenia, Kristall also sells rough to Ukraine and Belarus - a total of up to 10 thousand carats per month - a cooperation that Kristall has expressed interest in expanding.

A state-owned manufacturer, Kristall of Smolensk is Russia's first and only DTC Sightholder.

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