The Moscow Times
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INDEPENDENT NEWS FROM RUSSIA

Alrosa to Sell Rough Diamonds to Tiffany

By The Moscow Times

November 28, 2012



State diamond monopoly Alrosa is close to finalizing a contract worth at least $60 million with U.S jewelry giant Tiffany, Kommersant reported Wednesday, citing sources close to the deal and an industry expert.

The potential three-year contract, negotiated through Tiffany subsidiary Laurelton Diamonds, would replace current one-time purchases made by the firm from Alrosa.

Most of Alrosa's rough-cut diamonds are sold on the Russian market, but Kommersant's source said nearly half the company's long-term contracts are due to expire in 2013.

Alrosa is on the lookout for more long-term contracts to see the company through any future market instabilities.

In 2009, Alrosa changed its sales policy so that now up to 70 percent of rough diamonds are sold via long-term contracts, with no distinction made between domestic and international deals. The Federal Anti-Monopoly Service approved this practice in 2012.

According to the company's website, on Nov. 13, Alrosa signed a two-year agreement to supply Chow Fat Fook Jewelry, one of China’s largest jewelry manufacturers, in a deal reportedly worth $100 million a year.

A possible long-term contract between Alrosa and Tiffany, which has 250 jewelry shops worldwide, was first reported in 2007. The company director at the time, Sergei Vybornov, announced that a deal was in the works.

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