

## Brief Report on Russian Delegation Visit 2007

A nine-member delegation led by Mr. Naresh Mehta, Ex-Regional Chairman – GJEPC Southern Region visited Russia during 19<sup>th</sup> June through 27<sup>th</sup> June 2007 with the main objective being:

- To build a strong bilateral trade relationship between the two countries
- To promote the Indian Gem & Jewellery Industry and India International Jewellery Show 2007 (30<sup>th</sup> August – 3<sup>rd</sup> September 2007) & IJS Signature 2008 (29<sup>th</sup> February – 3<sup>rd</sup> March 2007)
- To explore opportunities for bi-lateral trade in the gem & jewellery sector
- To study & explore the market of these countries and collect information about the various Gem & Jewellery Exhibitions, potential traders of Gem & Jewellery industry of these countries and to collect relevant media information.

The Buyer-Seller Meet of CIS Countries organized recently in Mumbai during March 2007 paved the way for this delegation visit to Russia even though this market has always been a conservative market for jewellery. Russian Federation is the largest country in the world area wise, having all the natural resources to substantiate their economy for many years. India however is rapidly progressing in the IT and other sectors competing with the developed countries. Though Russia and India had a lot of good relationship in business it is still the “bollywood” fever in Russia, which makes the Muscovites remember India as a more colorful country.

### Kostroma :



factories at Kostroma.

The delegation comprising mainly of studded jewellery manufacturers, loose diamond and color stones dealers visited Kostroma, a very small town in Russia, which is 350kms from Moscow. Kostroma is the hub for manufacturing of jewellery in Russia with almost 30% of the Russia's production being manufactured there. Most of the manufacturing, retail companies have their offices or



The Council was provided a platform to make a presentation on the Indian Industry during the II All Russian Congress, which was organized by Jewellers Guild. Mr. Naresh Mehta made an appeal to the Russian Industry to visit India during IIJS Goa 2008 during his presentation. The delegation was invited to “dinner reception” hosted by the Governor of Kostroma District Mr. Victor Sharshunov, which

was an ideal place for networking with the main dealers from Russia and others.

During the press conference of the VIII Jewellery Federation – The Golden Ring of Russia Exhibition the organizer were kind enough to provide a platform for the Council to address the press. Mr. Zbigniew Kwiatkowski, GJEPC Coordinator – CIS Countries enlightened the Russian media and press about the objective of the delegation and emphasized Russian delegation visiting IIJS- Mumbai and Goa shows. Later in the day the delegation visited the exhibition, which had 150 booths. Most of the participants were from Kostroma and other neighboring CIS countries. It was a very small exhibition compared to the others shows in Russia. This exhibition was mainly started with the background of sports events, which was the main focus few years back, but the interest of the participants paved way for the exhibition later.



A “banquet” was organized by the Council, which was attended by more than 30 jewelers/press and others. Mr. Naresh Mehta made the presentation about the Indian Gem & Jewellery Industry and for the Russian Jewellers to visit IIJS 2008 in Goa. “India Your First Choice” promotional film was screened in Russian language followed by the presentation in Russian language made by Mr. Zig.



Mr. Floon Gumeror, President of Almaz Holding (Trading and Manufacturing Company) one of the largest companies in Russia, invited the delegation to his factory the next day and hosted lunch for the delegation. It was a very fruitful one-to-one meeting with the top man from Russia in this industry. The leader of the delegation invited him to visit IIJS with other jewelers. He assured he would try to come during IIJS –

Signature-Goa since August will be too short a time to plan. The delegation left Kostroma that evening to reach Moscow late in the night.



The Embassy of India had arranged for a meeting with General Director – Russian Guild for Support of Jewellery Trade at their office followed by lunch. The delegates were able to meet with few big retailers and other heads of the organizations in Moscow. Embassy also arranged for the meeting with the customs clearance company the next day for the delegates to know more about the formalities of bringing the goods to Russia. It was also learnt during the discussion that “Indian exporter” could have temporary display during this company under the supervision of the “Russian Customs” which will be a cheaper option for the Indian Exporters than to open an office initially. Later in the day the delegation met the General Director of ALROSA Diamonds and visited their factory at the same premises. The delegation also met with the Executive Director of the Diamond Chamber of Russia to know about their diamond exchange and systems.



A “banquet” was organized by the Council at “diamond area” in Moscow to promote India and IJS with the Russian market. Though the response to the presentation was very lukewarm it was indeed platform to create awareness about the Indian industry and IJS. Mr. Mehta made the presentation followed by screening the “India Your First Choice” and ending up with “IJS” film.

The positives of the delegation are:

- Were able to meet top retailers and major factories in Kostroma
- Getting to know more about their demand, their products and their style of functioning
- Good interaction with the Embassy and requesting them to be the “power force” to bring the delegation to visit IJS.
- Supplies of loose colored stones are very good. India should supply directly, which will be cheaper for the Russian manufacturer.

Opportunities:

- Supply of colored gemstones.
- To explore the possibilities of processing jewellery in Russia to get the tax benefit.
- To procure rough diamond directly from “Alrosa” and others. Only 15% of the total purchase can be exported with 1.5% tax to other countries.
- To continue visiting Moscow to explore the possibility of two-way trade especially during the Moscow Show in September which is the biggest.
- Buyer delegation is being proposed to visit IJS – Goa 2008 from Russia

Threat

- Russia is still not an “open market”. Systems are not defined
- Difficult to operate without “internal support”
- Taxes are rigid along with the procedure for imports and export



Over all Russia is a very difficult market to penetrate for jewellery however a supply of colored stones has good potential.



Meeting at the Indian Embassy – Moscow.

