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Rusmade. Hall 6.0/gamma (M41),
Hall 5.1 (C20, C22, C24, C25)

p. 6

Marketing Study of Consumer
Preferences for Gold Jewellery
of Different Standards and Alloys

p. 15

History and Present.
Leafing through the Russian
Jeweller magazine

p. 38



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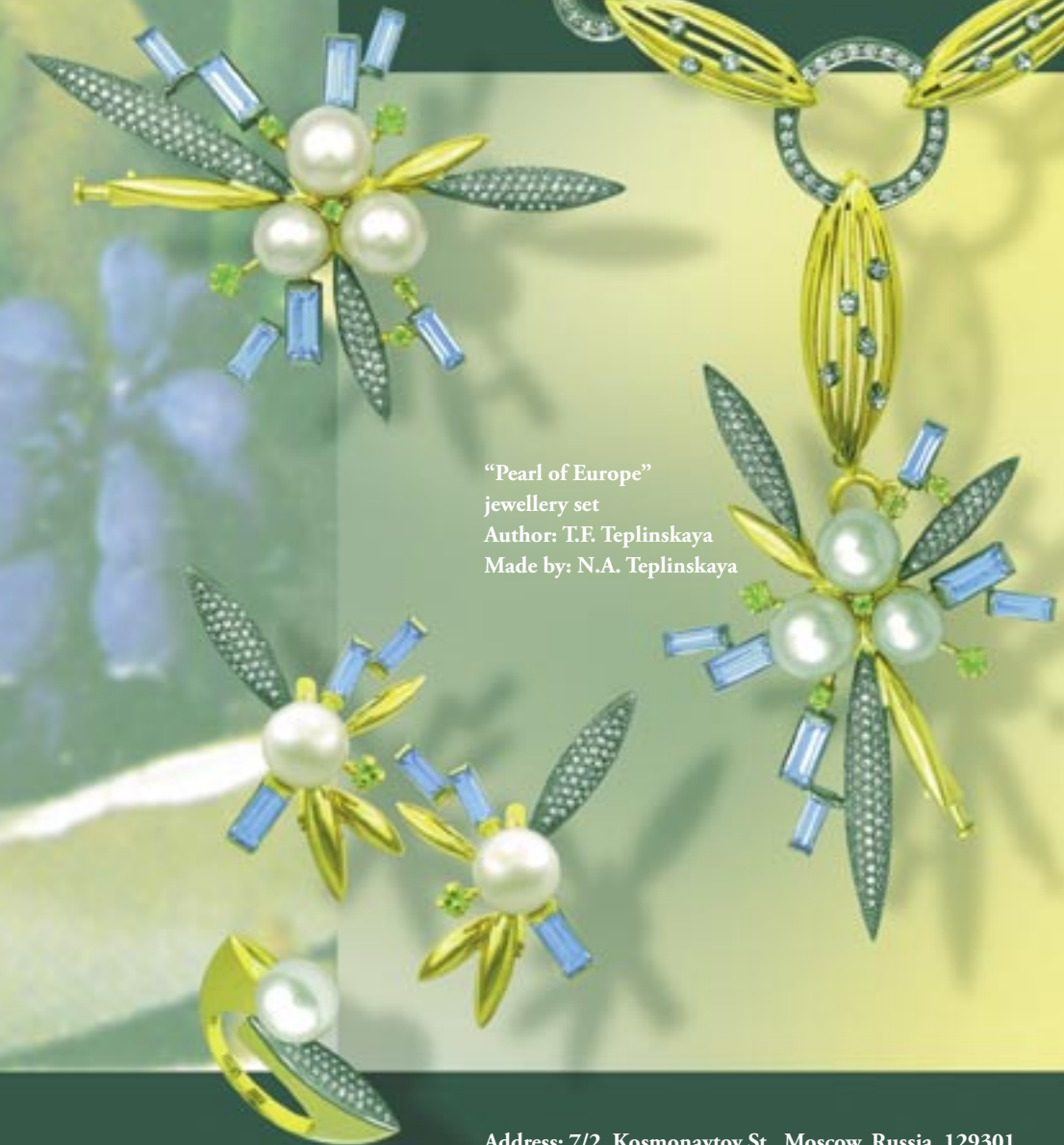
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"Pearl of Europe"
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Made by: N.A. Teplinskaya

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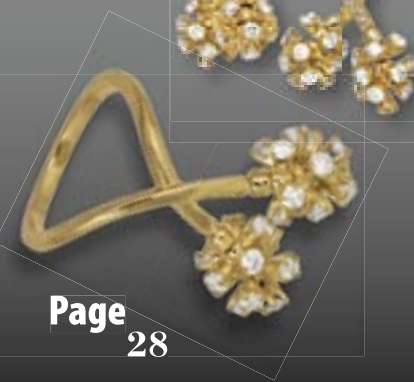
The firm "Art-Classik" by rights can claim to the glorious place of a successor of the elegant Petersburg style. Firms jewellery is designed for the middle class which is acknowledged now in the temptation of exclusive offers and is ready to choose the best from any assortment. Masters of the firm who work with such a difficult technique as enamels receive the unsurpassed deepness and purity of colours. After multiple experiments they succeeded in restoring of the ancient technique of making enamels. Now they come close to the level of the best pre-revolutionary samples. At the same time the modern technologies give them a possibility to produce enamels of any tones. And thorough maintenance of all the details of this technology give them a chance to receive the highest quality of the output.

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cover



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Page
28

top of the issue

Leafing through the Russian Jeweller magazine...

Page
38

contents

RUSMADE

Welcome!	6
Vostok	9
Interex-Orion.....	9
The Volmax company.....	11
JT-Jewellery Theatre	11

NEWS

Assay service	13
Bicolour Corundums.....	13

MARKETING

Gold Jewellery — preferences of Russian consumers	15
Precious Stones — preferences of Russian consumers	27

EXHIBITIONS • INFO

International trade show in Russia. Problems and Solutions	23
Exhibitions in Russia	25
Program "Jewellery Russia"	43

COMPETITIONS

Made in Russia	30
----------------------	----

WHOLESALE

Jewellend	36
-----------------	----

HISTORY AND PRESENT

Leafing through the Russian Jeweller magazine	38
---	----

INTERVIEW

The Russian Jeweller Interview.....	42
-------------------------------------	----

ROSYUVELIREXPERT

Russian jeweller market: Prospective of cooperation	45
---	----

TECHNOLOGIES

International Jewelry Symposium.....	48
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RUSMADE



Vladimir Pilyushin

Dear friends,

The participation of Russian companies in the BASELWORLD show is another evidence of Russia's economic growth. Russian products attract a deservedly high attention. The RUSMADE pavilion representing our country shows that the last year's success was not occasional and we are able to annually draw experts' attention with interesting collections and talented works of the highest quality standard.

Participating in such international forums, domestic manufacturers will have an opportunity to expand their activities on the world market, to make useful contacts for further cooperation and, finally, to prove that the Russian watch and jewellery industry deserves a wide international recognition.

We wish you success in business!

Igor Prudnikov

President

"Rosinex" Russian International Exhibitions



Igor Prudnikov

Vladimir Pilyushin

Editor-in-Chief

"Russian Jeweller" magazine

RUSMADE



Dear exhibitors and attendees of the BASELWORLD 2005 show!

We invite you to visit the official pavilion of Russian watchmakers and jewellers united under the common national brand RUSMADE. For the first time in the recent decade the Russian government has supported the initiative of domestic enterprises to promote their products internationally. According to the results of the competition conducted by the government, the right to organize the Russian pavilion was assigned to one of the leading exhibition companies — Rosinex. This year the pavilion will be present in two halls: in Hall 5 (Hall 5.1/ C20, C22, C24, C25) and in Hall 6 (6.0/gamma, Stand M41).

Each year the Russian watch and jewellery industry's development becomes more active and dynamic. This is evidenced by an invariably successful participation of Russian companies in international shows. The Russian pavilion presentation whose invitees include the elite of the world business will be staged at 11 a.m. on April 1, 2005. Russian ambassador in Switzerland Dmitry Cherkashin will make a speech to open this official event. The presentation

participants will include heads of the official Russian delegation: officials from the Russian government administration, Ministry of Economic Development and Trade, Ministry of Industry and Energy, heads of the executive authorities from different regions of the Russian Federation. This year the peculiarity of the Russian pavilion is that jewellery companies will exhibit alongside watch enterprises. The Akimov and Art-Classic companies will present their collections in Basel. The Russian Orthodox Church style articles by the Akimov company and adornments by Olga Pomelnikova made according to the best traditions of the Russian school associated with the name of Faberge invariably draw attention of the international audience.

At the show in Switzerland the Russian watch market is represented by such companies as Volmax, Vostok-Europe, Zolotoye Vremya, Verniy Khod, Molnia, Interior-Steklo, Elite Souvenir, etc. The Aviator and Shturmanskies (Navigator's) watch brands belonging to the Volmax company have determined the main trends and style in design of domestic men's watches.

A rich history of the Russian and Soviet aviation and rocketry is one of the components of this style. The Buran brand design is based on the classical inheritance of the Russian-Soviet watch industry and products of best European watch firms. The Vostok-Europe company, which first made its presence known during the last Basel show, will demonstrate this year 3 new collections of watches made in the Soviet Techno Design style based on up-to-date modifications of mechanisms from the Vostok Watch Plant.

The RUSMADE pavilion will enable the exhibitors and attendees of the Basel show to considerably expand business contacts and review the latest achievements of the Russian watch and jewellery industry.

Welcome to BASELWORLD 2005!





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Vostok

The Vostok Watch Plant

The Vostok Watch Plant from Chistopol is a recognized leader of the Russian watch industry with regard to output and sales of wristwatches. Annually the plant sells about a million wristwatches. Traditional watches make up 90% of all products while expensive watches account for 10% of output and sales.

The watchmakers from Chistopol were the first to make special-purpose watches: Commander's, Amphibia, General's, Admiral's, Neptune.

The watch brands Kremlevskie, Prestige, Breeze have received well-deserved recognition. They are notable for fashionable design, precision mechanism use, precious materials, 5 micron gilding. Men's silver wristwatches President and Ak Bars enjoy high popularity. For fans of extravagant watches we have made a new model of the Kremlevskie watch of prestigious class with an original day hand. The Vostok plant is the first in Russia to have developed a domestic complex mechanism with

self-winding, calendar and day hand showing day and night time on an original dial.

In 2004 the plant started to export watch mechanisms to the European market. This became possible thanks to the completion of a two-year programme for mechanism enhancement. The Vostok-Europe brand watches—a joint project by the Vostok plant and Koliz company from Lithuania—are becoming increasingly popular on the European market.

Vostok has been certified according to domestic and international quality standard GOST R and JQ Net. It is a laureate of the Main All-Russia Award "Russian National Olympus" in the nomination "Technology. Science", several times winner of the All-Russia Competition "Russian Organization of High Social Efficiency". The Vostok Watch Plant is successfully developing thanks to economic and financial independence, introduction of progressive technology and modern equipment, faithful-

ness to the best traditions of the old watchmakers from Chistopol. Its own economic strategy of dynamic development oriented toward market demand and watch fashion has enabled the enterprise to retain technology, industrial and human resource potential, to enhance its products and successfully develop new types of wristwatches and instruments.



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ОРИОН

INTEREX-ORION

The "Interex-Orion" company was set up in 1990. From the date of establishing the company has passed a long way from a wholesaler to an independent manufacturer of watches under ORION and CARDI trademarks.

The peculiarity of our firm is regular manufacture of original mechanical watches; only our company makes such models as skeleton watches and travel watches in Russia. To make our watches, we use a wide range of watch mechanisms from the 1st Moscow Watch Plant POLJOT, Vostok Watch Plant, 2nd Moscow Watch Plant SLAVA, Zarja Watch Plant (Penza city), CITIZEN-MIYOTA (Japan), Vecta corp. (Hong Kong), Ronda (Switzerland).

Our aspiration for introducing new watch models naturally resulted in launching a series of pocket watches in the early 2004. Already

the first batch sales evidence a commercial success of this series.

In the early 2002 our company acquired the rights for CARDI brand watches. Within a short term we managed to restart manufacturing a well-known product range of this brand, adding to the already famous models a range of novel products that stimulated high demand on the market.

The company has launched a manufacture of watches, clocks and alarm clocks with customer logos. A lot is done to improve and develop a network of regional dealers, to organize and maintain local servicing.

ORION and CARDI brand watches are sold with a one-year warranty and post-warranty servicing is provided.

All rights for ORION and CARDI trademarks are reserved, all watches are certified.



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The Volmax company

The First Moscow Watch Plant named after S.M. Kirov, later turned into Poljot trademark, has a deserved place in the history of the Soviet watch industry. The Volmax company, which inherited this manufacturing enterprise, encountered a complex problem of how to survive in the tough world of international competition. Despite this fact an audacious strategy was chosen—to concentrate on manufacture of collection watches.

The Volmax company is the designer, manufacturer and owner of the Aviator brand products. This brand is based on 3133 Poljot chronograph mechanism the exported version of which is called Russian Chronograph. The brand has a special elaborated design with elements from the heroic history of the Russian and Soviet military aviation as well as from the aircraft clock models developed by the First Moscow Watch Plant during the period from 1931 to 1935. Massive steel cases contain

modern luminescent dials with large digits and hands resembling an aircraft instrument panel.

Certain watch models are devoted to the heroes of the Soviet aviation such as air ace Konstantin Kozakov, test pilot Mikhail Gromov, fighter pilots Alexander Pokryshkin and Ivan Kozhedub. The Sikorsky watch model is devoted to the famous aircraft designer Igor I. Sikorsky and includes elements of the 1970s design with a peculiar button pattern and a dial resembling an aircraft instrument dial.

Each model of the Aviator brand collection watches has specially designed hands, cases and dials, but at the same time the main design elements preserve the unity of the series.

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IGT3 Basel—Hall 2.1, Stand E 86.

JT—Jewellery Theatre

7 Gasheka St., Moscow, 123056, Russia; www.jt.ru

“JT—Jewellery Theatre” is the first jewellery house of a new generation in Russia. It is distinguished by the highest quality of jewellery, exquisite and modern design, as well as original presentation techniques. The main feature of such approach is a synthesis of several arts to achieve a maximally expressive effect. Decorative, graphic and theatre arts are combined in the showcases where “actors”—jewellery articles—perform in the setting specially built for them.

The Jewellery Theatre founders—Irina Dorofeyeva and Maxim Voznesensky—are jewellery designers, having a many-year experience in applied decorative art, who united their creative and organizational abilities in 1998. Since then the JT workshops have been producing jewellery of unique artistic value

receiving well-deserved attention of connoisseurs in luxuries from all over the world.

This year the jewellery house will present the following new collections: “Selected”, “Victoria” and “Keys”.

Elite:

They are all different. Some people like austere straight lines and unusual materials, some love supple curves of metal and luxurious brilliance of diamonds, and some prefer exquisiteness of classical forms. The main feature of this collection is uniqueness as there's only a single copy of each article.

Keys:

A key is one of the most mysterious and ancient symbols. It has an ambiguous interpretation. On the one hand it symbolizes closing, concealing something, on the other hand, it

helps to access something hidden. A gold key with diamonds and other precious stones may open a door to your dream.

Victoria:

The rings of this series resemble snakes exquisitely winding around a finger. An incomplete circle ends either with a single precious stone or with multiple diamond details. The collection also includes earrings and pendants making up a harmonious ensemble. Original design, excellent stones and quality ensure success of this collection.



Deco pendant,
18 carat gold,
diamonds; authors:
Irina Dorofeyeva and
Maxim Voznesensky

News

Assay service

1. Number of jewellery manufacturers

In 2004 the state inspections within the assay authority registered maker's marks of 4391 jewellery manufacturers including 1249 enterprises and 3141 individual entrepreneurs, which exceeded the 2003 figures by 13.2%.

2. Jewellery output data (shown in table)

In 2004 the state assay inspections hallmarked more gold jewellery than in 2003, the quantity of such articles rose by 22.0% and their weight increased by 21.0%.

Official imports of finished gold jewellery totalled 1.65% (versus 0.87% in the previous year).

The quantity of silver articles rose by 29.8% and their weight increased by 30.5%, while silver jewellery imports totalled 20.16% versus 13.6% in the previous year.

The quantity of platinum articles dropped by ...% versus 2003 and their weight decreased by 44.9%.

The quantity of palladium articles grew by 110.5% and their weight increased by 66.1%.



News

Bicolour Corundums

Yu. N. Baskakov, M. K. Chizhov

Natural and synthetic corundums often undergo different kinds of enhancement such as, for example, modification of colour.

There are well-known methods of thermal diffusion treatment that help to produce a thin layer (up to 0.1 mm) of coloured material on the corundum surface.

Bright blue sapphires acquire the most spectacular appearance after treatment with cobalt oxides producing a cobalt spinel on the surface, i.e. $\text{Al}_2\text{O}_3 + \text{CoO} \rightarrow \text{CoAl}_2\text{O}_4$. The temperature and time of treatment influence the thickness of a spinel layer and consequently the intensity of the blue colour. As the blue layer thickness is insignificant the dyeing process is usually performed on fin-

ished inserts. After such treatment, the corundum surface is a little matted and needs a slight polishing.

This method is most effective in mass production as, for example, a large batch of jewellery inserts of leucosapphire will have practically the same colour after treatment and there will be no problem in selecting not only a pair of the same colour but even whole sets.

After dyeing, some facets may be treated mechanically (the dyed surface may be removed by polishing) to produce an interesting pattern of alternating blue and colourless facets.

And when using colour corundums for basic stone instead of colourless leucosapphires it

is possible to produce stones of a wide colour range and the final colour will be a combination of the basic colour and the colour of the dyed layer. For example, a combination of pink-red corundum and the dyed layer of blue cobalt spinel will produce the lavender colour, and if the basic stone is yellow corundum then it will turn into green.

Combining the basic corundum colour and technological parameters of the dyeing process a wide range of colours can be produced.

And if the dyed layer is removed from certain facets, an unusual combination of colours will be obtained.

Such variety of colours may stimulate designers to develop a new range of products with bicolour corundum.

The Russkie Samotsvety plant in St. Petersburg has designed and manufactured a pilot batch of products with bicolour corundum.



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Marketing

Marketing Study of Consumer Preferences for Gold Jewellery of Different Standards and Alloys

The situation on the consumer jewellery market of Russia has been stable and has not practically changed for recent five years. That is why the results of the special studies conducted during 2003-2004 rather adequately reflect the general tendencies characteristic of the current situation. These studies outline a clear picture of the market which manufacturers and sales companies may use for forming and modifying their jewellery product range.

According to the Russian Union of Gold Manufacturers, Russian gold mining enterprises produced 83.06 tons of gold in the 1st quarter of 2003, which was by 2.2% higher versus the same period of the previous year. According to the Savings Bank of Russia, gold consumption on the domestic market equalled 30 tons. The Central Bank reserves are 388 tons.

In the 1st quarter of 2003 Russian jewellers made 9,688,869 gold jewellery articles exceeding the previous year's figures for the same period by 27.6%. According to the Assay Office of the Russian Federation, by July 2003 domestic jewellers submitted for assaying 1,551,004 gold articles. In January-June 2003 the Assay Office hallmarked 102,596 imported gold articles (versus 55,000 in the same period of the previous year).

At present gold is the most popular metal used in jewellery making. Today Russian jewellers make a large number of gold articles of various styles, colours and patterns. In connection with this it is very important to know the customers' tastes and to follow them. As a result, manufacturers will know the output of which products, standards and colour should be increased and decreased.

The study design was aimed at polling people leaving jewellery shops in Moscow who had ever bought jewellery. Among them a group of 353 people was randomly chosen.

The poll yielded the following results:

Consumer preferences for jewellery of different gold standards

The level of awareness regarding the standard of purchased jewellery was 75.35% while nearly

one third of consumers (24.65%) were unable to tell the standard of a purchased article. The majority of the responders (57.79%) would prefer 585 (583) standard gold, the second popular was 750 standard gold (16.40%) and the least popular was 958 standard gold (11.61%).

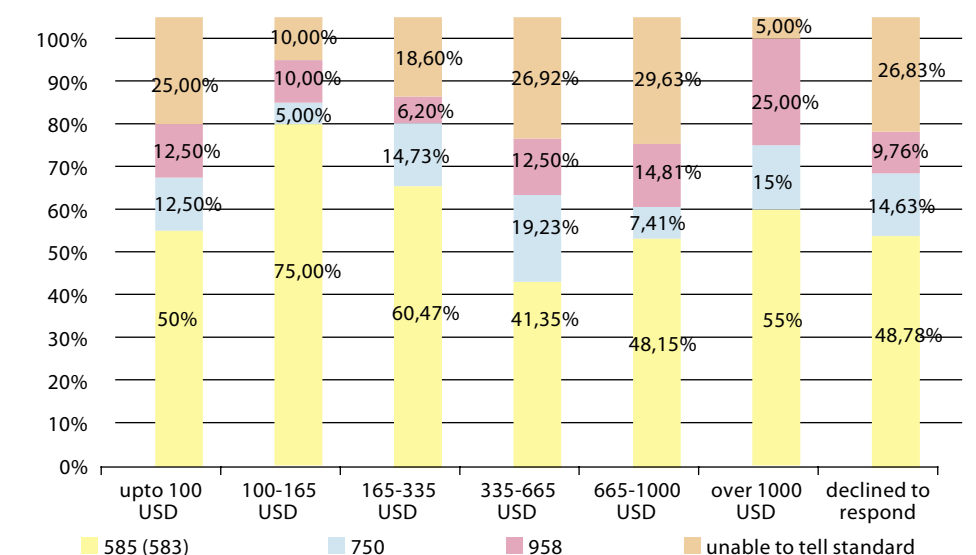
Men's and women's preferences for jewellery of different gold standards

The study has shown that women prefer 585 (583) and 750 gold standards more (64.93% and 16.88%) compared to men—44.26% and 15.57% respectively. And 958 standard gold is preferred more by men than women (20.49% versus 6.92%).

32.78% of men and 20.35% of women among the responders were unable to tell the standard of jewellery they bought.

Consumer preferences for different gold standards by population groups depending on the monthly per capita income of the purchaser's family

585 (583) standard gold is the most popular in all groups. The lowest share of 585 standard gold articles is reported for the groups of consumers with per capita income of 100—165 dollars (75%) and 165—335 dollars (60%). The share of other groups is 41—55% on the average. The largest share of 750 standard gold jewellery is reported for consumers with per capita income of 335—665 dollars (19%),



Graph 1. Preferences for different gold standards by consumer groups depending on the monthly per capita income

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the lowest—for consumers with per capita income of 100–165 dollars (5%) and under 100 dollars (12.50%). The share of 958 standard gold jewellery is mostly significant in the group with income over 1000 dollars and with regard to quantity in the groups of 335–665 dollars and 165–335 dollars.

Relation between gold standard preference and gold colour preference

Standard	Yellow gold		White gold		Pink (red) gold		Composition of different golds	
	Num.	Share	Num.	Share	Num.	Share	Num.	Share
585 (583)	178	57.42%	39	35.78%	23	39.66%	14	34.15%
750	45	14.52%	29	26.61%	14*	24.14%	7	17.07%
958	29	9.35%	18*	16.51%	7*	12.07%	6	14.63%
Unable to tell standard	58	18.71%	23	21.10%	14	24.14%	14	34.15%
Total	310	100.00%	109	100.00%	58	100.00%	41	100.00%

The share is counted for total number of the responders who chose the considered colour of gold alloy.

Yellow gold of 585 standard is the most popular (57.42%), the share of 750 standard yellow gold is four times lower (14.52%), the share of 958 standard yellow gold is even lower than that (9.35%) (these are mainly wedding rings). Also the share of the responders who were unable to tell the standard is the lowest for yellow gold (19%).

White gold is purchased both of 585 standard (35.78%) and of 750 standard (26.61%).

Red gold of 585 standard was purchased by the largest number of the responders (39.66%). And 14 people (24.14%) purchased jewellery of 750 standard pink gold. 4 of them reported buying only 750 standard gold, such responses cannot be considered even “conditionally valid”. Thus, only 17.24% of consumers can be considered familiar with standards and colour of red gold. Similarly for red gold of 958 standard the share of valid responses is 10.34%.

Consumer preferences for domestic and imported gold jewellery

Over a half of the responders prefer buying only domestic gold jewellery (67.70%), while the

* — it is known that white gold cannot be of 958 standard while red gold cannot be of 750 or 958 standard. The results of this table should be interpreted as reflecting the responders' preferences in total with regard to jewellery purchases not associated with concrete article purchase. While answering the questionnaire the responders could choose several answer options.

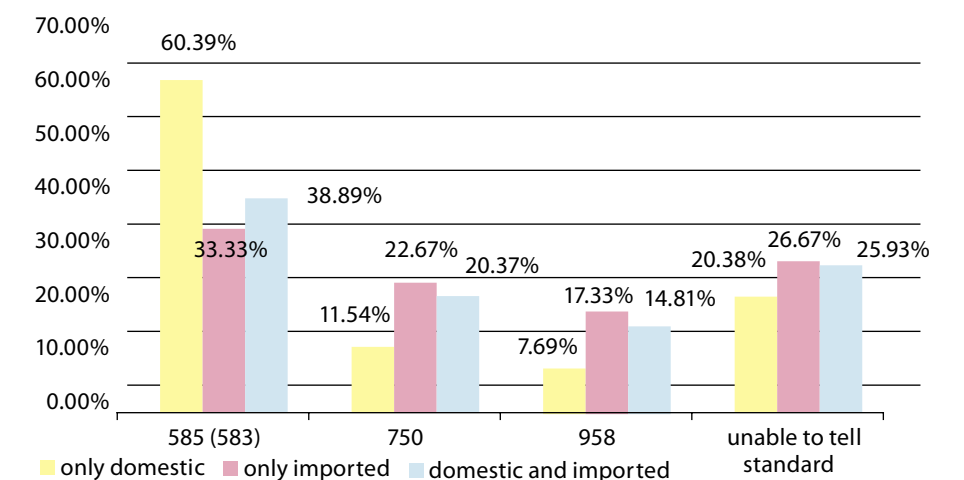
share of consumers purchasing only imported gold jewellery is three times lower (19.83%). The share of consumers who purchase both domestic and imported gold jewellery is the lowest (12.18%).

Consumer preferences for domestic and imported gold jewellery of different standards

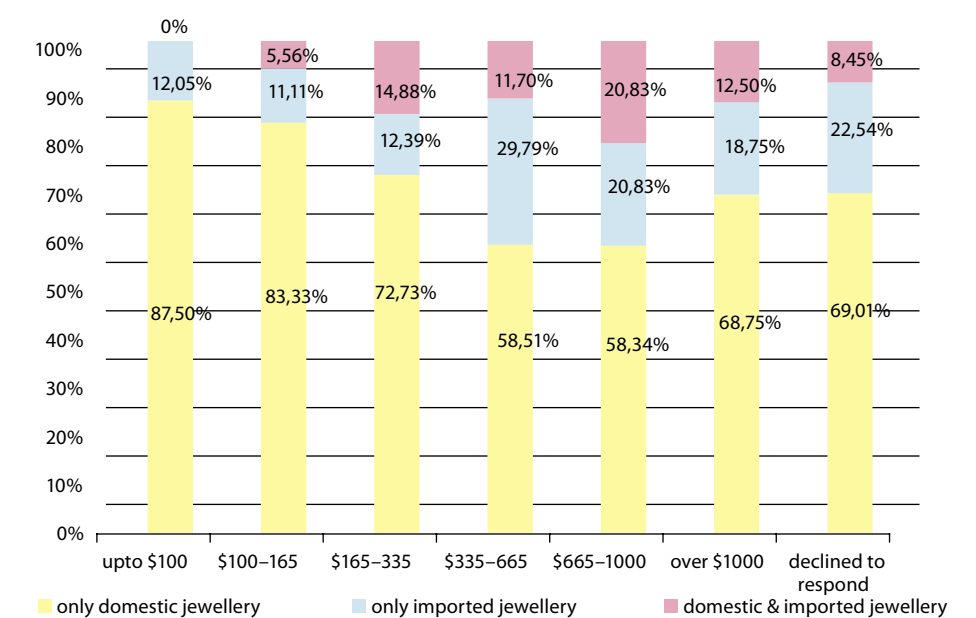
Among the responders buying domestic jewellery 60.389% prefer 585 (583) standard gold, the same is applicable for other groups (imported jewellery—33.33%, domestic and imported—38.89%). The second place belongs to 750 standard gold with the following breakdown by consumer groups: 11.54%—domestic; 22.69%—imported; 20.37%—domestic

and imported. The rest of the responders were unable to tell the gold standard. The share of such responders in the consumer group preferring imported jewellery alone is higher: 26.67% versus 20.30% of consumers buying only domestic jewellery. Jewellery of 750 standard gold is purchased more by consumers preferring imported jewellery alone (22.67%) while the share of domestic jewellery is two times lower (11.54%).

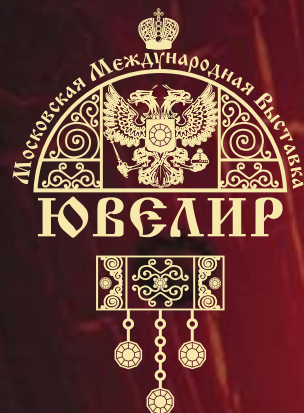
As evidenced by Graph 2, preferences for jewellery of different standards vary considerably among consumers preferring domestic or imported jewellery. Purchasers of domestic jewellery prefer 585 (583) standard while purchasers of imported jewellery have more balanced preferences for gold standards.



Graph 2. Consumer preferences for domestic and imported gold jewellery of different standards



Graph 3. Preferences for domestic and imported jewellery by different consumer groups (groups classified by the monthly per capita income)



Yuvelin 2005

47 MOSCOW INTERNATIONAL JEWELLERY AND WATCH EXHIBITION

September 8-16

organizer ROSYUVELIREXPO
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Preferences for domestic and imported jewellery by different consumer groups (groups classified by the monthly per capita income)

Disregarding the income level all consumer groups prefer domestic jewellery, their share is over a half in each consumer group. But the more is the monthly per capita income, the higher is the share of purchasers of imported jewellery alone. The highest interest in imported jewellery is reported for the group with income of 335-665 dollars (29.79%), in the same group there is a decrease in the share of consumers purchasing both domestic and imported jewellery (11.70%).

It is worth noting that the share of imported jewellery alone in the price category of 165-335 dollars is under 40% while in the categories of 335-665 dollars and 665-1000 dollars the shares are 50% and 68% respectively.

Consumer preferences for jewellery of different gold standards

Consumer preferences for gold jewellery with regard to different alloy colours

The majority of consumers prefer gold alloy of yellow colour (77.62%). The second lesser number of consumers (24.65%) prefer gold alloy of white colour. And only 12.46% consumers remarked gold alloy of red colour.

If we consider preferences with regard to the number of gold colours, then consumers

Price per article	Yellow		White		Pink (red)		Combination of colours		Total	
	Num.	Share	Num.	Share	Num.	Share	Num.	Share	Num.	Share
under \$100	69	81.18%	7	8.24%	5	5.88%	4	4.71%	85	100%
\$100-200	104	67.97%	28	18.30%	10	6.54%	11	7.19%	153	100%
\$200-335	54	54.00%	23	23.00%	11	11.00%	12	12.00%	100	100%
\$335-500	26	50.98%	12	23.53%	9	17.65%	4	7.84%	51	100%
\$500-1000	15	41.67%	12	33.33%	6	16.67%	3	8.33%	36	100%
\$1000-3335	3	75.00%	0	0.00%	1	25.00%	0	0.00%	4	100%
over \$3335	3	25.00%	3	25.00%	2	16.67%	4	33.33%	12	100%

Table. Consumer preferences for gold jewellery of different colours by price category

tend to prefer only one colour of gold alloy (77.62%). The share of the responders purchasing jewellery of two different gold alloy colours is much lower (16.71%). The shares of consumers purchasing jewellery of three and four gold alloy colours are 2.83% and 0.85% respectively.

57.79% of the responders prefer purchasing only yellow gold jewellery, while white and red gold gathered 8.49% and 5.95% votes.

Men's and women's preferences for gold jewellery with regard to different alloy colours

Jewellery of yellow gold alloy is preferred by approximately equal shares of men (75.41%) and women (78.78%). White gold jewellery is purchased by a larger number of men (28.68%) than women (21.64%). Two times more men than women choose red gold (18.03% men versus 9.52% women). Articles of combined

alloy colours are preferred by equal numbers of men (10.66%) and women (10.82%). It is worth noting that men are more diverse in choosing the colour and standard of jewellery by 12% more than women on the average.

Consumer preferences for colours of gold jewellery by different age groups

Yellow gold is the most popular in all age groups, in each group it accounts for over a half of purchases. White gold is of the highest popularity in the group of 31-40 years of age (30.56%), less popular in the groups of 25-30 years of age (26.08%) and 41-50 years of age (24.24%), the share of consumers aged under 25 is 17.19%, while white gold is least popular among consumers aged over 50.

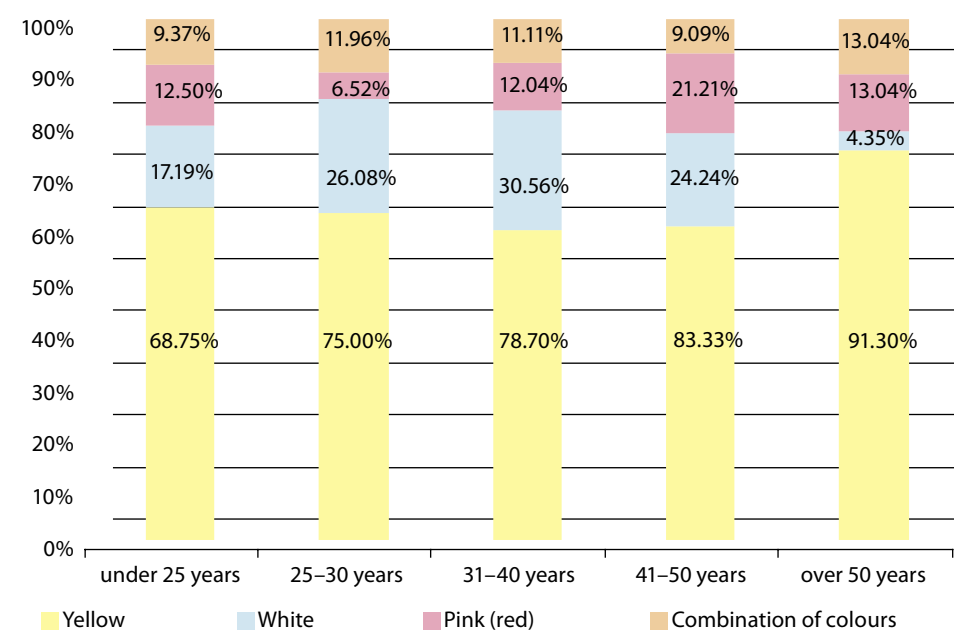
Red gold is purchased more by consumers from the group of 41-50 years of age (21.21%), the shares of other age groups are approximately equal (about 12-13%) except for the group of 25-30 years of age (6.52%).

In all price categories the best-sold articles were of yellow gold. The largest shares belong to the price categories under 100 dollars (81.18%) and 100-200 dollars (67.97%). Most purchases of white gold jewellery were within the price category of 200-1000 dollars.

Jewellery of the medium price category 1000-3335 dollars is purchased least of all. In the category of over 3335 dollars the preferences for gold alloys of different colour have a balanced breakdown. (It is worth noting that the number of exclusive jewellery buyers is small due to the methodological design of the study).

Preferences for gold jewellery of different colours by different consumer groups classified according to the monthly per capita income

Consumers whose monthly per capita income is under 100 dollars (belonging to the group



Graph 3. Consumer preferences for colours of gold jewellery by different age groups



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of low income) purchase the lowest number of jewellery and prefer buying yellow gold jewellery (77.78%).

Consumers with the monthly per capita income of 100-165 dollars and 165–335 dollars (belonging to the middle income group) prefer yellow gold (63.64% and 68.31% respectively), to a certain extent they buy white gold (about 20%) and to a much lesser extent pink gold and compositions of gold alloys of different colours.

Consumers with the monthly per capita income of 335–665 dollars and those who declined to respond about their income have approximately equal preferences. The share of yellow gold jewellery is the highest (about 60%), white gold is the second (15–21%), then follows red gold (11–12%) and compositions (7–12%).

Consumers with the monthly per capita income of 665-1000 dollars and over 1000 dollars (belonging to the most prosperous classes) buy yellow gold to a lesser extent (42%). For this group the diversity principle is more important and no tendencies can be traced with regard to preferences.

Consumer preferences for price categories of gold jewellery

Jewellery costing 100-200 dollars is the most popular as it is bought by more than a third of the responders (36.83%). The price categories under 100 dollars and 200–335 dollars have equal shares, 21.53% and 22.10% respectively.

Jewellery of the middle price category 335–500 dollars and 500–1000 dollars is purchased by a two times lower number of consumers (10.20% and 7.08% respectively).

Gold jewellery costing over 1000 dollars was purchased by 2.26% of the responders.

Breakdown of price categories of gold jewellery for men and women

Jewellery costing 100–200 dollars is the most popular both among men (38.52%) and women (35.93%). The second popular among men is jewellery priced at 200–335 dollars (25.41%), among women—under 100 dollars (27.27%). The third popular among men is jewellery priced at 335–500 dollars (13.11%), among women—200–335 dollars (20.35%). Men purchase more

Price category	Design		Quality		Price		Other		Total	
	Num.	Share	Num.	Share	Num.	Share	Num.	Share	Num.	Share
Up to \$100	25	38.46%	4	6.25%	34	52.31%	2	3.08%	65	100%
\$100–200	56	45.53%	15	12.2%	41	33.33%	11	8.94%	123	100%
\$200–335	37	42.53%	17	19.54%	29	33.33%	4	4.60%	87	100%
\$335–500	26	50.98%	8	15.69%	16	31.37%	1	1.96%	51	100%
\$500–1000	16	45.71%	7	20%	12	34.29%	0	0.00%	35	100%
\$1000–3335	3	75.00%	0	0.00%	1	25.00%	0	0.00%	4	100%
Over \$3335	2	66.67%	1	33.33%	0	0.00%	0	0.00%	3	100%

Table 2. Reasons for dissatisfaction with the offered jewellery assortment by different price categories

of the expensive jewellery over 1000 dollars than women (2.46% versus 0.43%).

Shares of consumers dissatisfied with jewellery assortment on the market and reasons for that

According to the conducted poll, it was found that the responders were considerably dissatisfied with the offered jewellery assortment. 86.40% of consumers are dissatisfied with the offered jewellery assortment due to different reasons, while 13.60% of the responders are fully satisfied with it. The majority of consumers is dissatisfied with design (47%), then follows the price (38%). The dissatisfaction with quality is on the last place (15%). Additionally the responders mentioned dissatisfaction with “assortment” (3.97%), among definitions of dissatisfaction with “assortment” were reported “sameness of assortment”, “sameness of styles”. Besides the responders quoted such reasons as “insufficiency of white gold and platinum” (0.28%), “absence of advertising” (0.28%).

Considering men and women separately, the following was discovered. Both men and women are primarily dissatisfied with the design of jewellery available on the market, but men to a greater extent (52.46%) than women (43.72%). The second quoted reason for dissatisfaction was the price, which is more important to women (40.69%) than to men (31.97%). Dissatisfaction with quality is on the last place but men’s share is higher (18.85%) than women’s (12.55%).

As can be seen from Table 2, purchasers of jewellery of practically all price categories are dissatisfied with the design of articles. The exclusion is the price category under 100 dollars as jewellery of this category is purchased mainly by consumers with low income. Dis-

satisfaction with the price was on the second place for articles of the price categories from 100 to 1000 dollars. Dissatisfaction with non-diversity of assortment was reported mainly by consumers of the price categories of 100–200 dollars and 200–335 dollars.

It is particularly worth noting that the responders remarked dissatisfaction with the quality of jewellery considerably less frequently. This evidences that in whole consumers are satisfied with the quality of jewellery available on the market, but consider design as the main deficiency of articles in the retail product assortment.

Conclusion

The conducted study shows that consumers are interested most of all in jewellery of 585 (583) standard gold—nearly 58% of consumers; 25% of consumers are not aware of the standard of jewellery they purchase. Yellow gold is the most popular kind of gold among consumers, it is preferred by 78% of the responders. The highest market demand is for cheap gold jewellery priced at 100–200 dollars, 38% of the responders prefer such jewellery. Most of all consumers are dissatisfied with design of the available assortment of gold jewellery (47% of responses). Over a half of the responders prefer to buy only domestic jewellery (67.70%), imported jewellery alone is purchased by a three times lesser number of consumers (19.83%). The share of imported jewellery within the price category of 165-335 dollars is below 40% while within the categories of 335–665 dollars and 665–1000 dollars the shares of such jewellery are 50% and 68% respectively.

The editors thank Effko Co. for the provided materials.

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Exhibitions • INFO

International Trade Shows in Russia: Problems and Solutions

During the recent years international jewellery shows in Russia attract attention from all over the world. Foreign colleagues follow with interest the dynamic development of the domestic jewellery industry and more often want to participate in this process. Undoubtedly the potential and prospects of the Russian jewellery business are immense. But international business circles are often discouraged by likely bureaucratic and financial difficulties arising during the customs clearance of cargoes containing precious metals and precious stones. Many businesspersons claim that there are considerable differences between the customs procedure for temporary import and temporary export of such cargoes at the special posts of the excise customs of Russia and the similar procedure accepted in the civilised countries. However, this is not totally true. On the domestic market of valuable cargo shipments there are already some companies (for example, Special Transport Service Co.) which perform this customs procedure with help of ATA Carnet (introduced by the International Convention in 1961 all over the world, including Russia. In 1990 certain modifications were made in this system in order to adapt it to the rapidly changing current situation).

"Today we can surely say that jewellery importation to Russia for the purpose of exhibiting in the regime of temporary import and temporary export using ATA Carnet procedure is not only possible, but also really works—asserts Elena Shubina, representative of Special Transport Service

Co. —Our company has already acquired experience in this field. The fact that other participants of the valuable cargo shipments market claim this procedure to be impossible or extremely difficult to implement is, in our opinion, caused by their unwillingness to develop new products or put extra efforts into it. It is certainly easier to work according to a long-used model and usual schemes, but one should not ignore such important factor as the customer's desire to minimise shipment costs".

ATA Carnet procedure (it's a sort of analogue to the traditional custom declaration but only a single one for both temporary import and temporary export documents, i.e. the customer will not have to receive a new document for exportation) is just the way to decrease the exhibitor's expenses associated with shipment and customs clearance. The usual procedure for temporary import includes several requirements that unavoidably lead to an increase in shipping companies' expenses and consequently to an increase in rates for shipment services. One of such requirements is as follows: according to the customs laws, a Russian partner undertaking obligations to represent the interests of a non-resident exhibitor with the custom authorities of the Russian Federation has to provide a deposit for the future customs payments for the whole duration of the exhibition, that is to "freeze" a certain amount exceeding 40% of the declared cargo value in the bank accounts

of the customs. It may be insignificant for one company, but when some firm acts as official broker of a large exhibition with over 100 participating companies the deposit amount for custom payments may look rather high. This makes the broker seek other ways to fulfil these requirements; for example, a bank guarantee may be a more realistic and convenient way. But banks charge certain rates for their services, which will have to be naturally compensated by exhibitors in the end. Besides, one has to account for periodically growing customs tariffs. According to ATA Carnet procedure, a non-resident does not have to make any payments for the customs procedures in the Russian Federation, which allows offering much lower rates for the same set of services. Also, according to ATA Carnet rules, the cargo must arrive to Russia as accompanied baggage, i.e. brought by ATA Carnet holder as hand baggage and it is possible to avoid using international shippers' services for customs clearance and air shipment which also decreases shipment expenses.

Some words about the procedure itself. To implement it the following documents are required:

- Carnet A.T.A. issued and certified by the Chamber of Commerce in the exhibitor's country (with an attachment containing full description of articles);
- A copy of the agreement for participation in the exhibition and stand lease;
- A copy of the official invitation from the exhibition organisers;
- Photos of articles.

Not only exhibited products can be imported under ATA Carnet but also accessory products such as display materials, advertising products, tools for assembling display equipment, but only on the obligatory condition that they will be exported in the same form and quantity after the exhibition.

The exhibitor company has to provide copies of the above documents to the Russian broker company working under this scheme for review. After these documents

have been reviewed and the broker company has been notified of the arrival time, the exhibitor's representative with cargo and relevant documents will be met at one of the international airports upon completion of passport control. Required ATA Carnet procedure will be performed in the airport customs and then the cargo will be delivered by special guarded transport to a temporary storage facility where a custom inspection and (simultaneously) state control by the assay authorities or State Treasury of the Russian Federation will be performed. Upon completion of all required procedures of the internal customs and state control procedures, the exhibitor's products will be delivered to its stand at the exhibition venue. After the exhibition the products will be collected from the stand and the same procedures will be performed but only in the reverse order.

As can be noted, ATA Carnet procedure in Russia differs from the accepted world practice by the fact that the main customs clearance is performed not at the airport customs, but at the internal customs, and it

takes more time to complete all formalities. It is of particular significance when the procedures are performed for a great number of exhibitors of large shows. In such case exhibitors may have to make considerable additional expenses on hotel accommodation during the time taken by the customs clearance. But this demerit can be avoided thanks to new developments adapted to ATA Carnet procedure in Russia.

Beside large international shows jewellery can be imported under ATA Carnet for small exhibitions-presentations organised for demonstration of collections belonging to one or several companies. And unlike the usual regime of temporary import and temporary export ATA Carnet has certain advantages in this area too. Beside the above payments, ATA Carnet holders avoid paying the so-called periodic charge making up 3% of the customs payments amount for each month the product is in Russia. Also they do not need to search for a Russian partner firm to represent a non-resident's interests with the customs authorities of the Russian Federation.

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Exhibitions • INFO

EXHIBITIONS IN RUSSIA

DATES	NAME	VENUE	WEBSITE	ORGANIZER
February 2–6	JUNWEX	St. Petersburg	www.restec.ru	RESTEC
April 14–16	BALTIC AMBER	Kaliningrad	www.balticfair.com	BALTIC-EXPO
May 18–21	INTERNATIONAL JEWELLERY MOSCOW	Moscow	www.restec.ru	RESTEC, REED EXHIBITIONS
July 13–17	INTERJEWELLER (RETAIL TRADE)	Sochi	www.soud.ru	SOUD — SOCHI EXHIBITIONS
September 7–11	JEWELLER*2005	Moscow	www.restec.ru	RESTEC
September 8–16	JEWELLER-2005	Moscow	expo.jewellernet.ru	R.O.S. YUVELIREXPO
October 26–30	MOSCOW WATCH SALON	Moscow	www.rosinex.ru	ROSINEX

RUSSIAN PUBLIC HOLIDAYS

New Year	January 1–2
Christmas Holidays	January 1–10
Russian Orthodox Christmas	January 7
(Russian Orthodox New Year)	(January 13)
The Motherland Defenders Day	February 23
International Women's Day	March 8
Spring and Labor Holiday	May 1–2
Victory Day	May 9
Independence Day	June 12
Accord & Conciliation (Revolutions) Day	November 3

WEATHER CONDITIONS

The weather conditions are based on average temperature in St. Petersburg. The climate in Moscow is usually some degrees colder during winter and warmer in the summer period.

Month	Temperature	Rainfall
January	12 to 23F (–11 to –5C°)	1» (25mm)
February	12 to 24F (–11 to –4C°)	1» (25mm)
March	18 to 33F (–8 to 1C°)	1» (25mm)
April	31 to 45F (–1 to 7C°)	1» (25mm)
May	42 to 58F (6 to 14C°)	2» (51mm)
June	51 to 66F (11 to 19C°)	2» (51mm)
July	57 to 71F (14 to 22C°)	3» (76mm)
August	53 to 66F (12 to 19C°)	3» (76mm)
September	45 to 57F (7 to 14C°)	2» (51mm)
October	37 to 45F (3 to 7C°)	2» (51mm)
November	27 to 34F (–3 to 1C°)	1» (25mm)
December	18 to 26F (–8 to –3C°)	1» (25mm)

CREDIT CARD

The credit cards are accepted in the majority of hotels restaurants and shops and charged in Rubles. ATM machines exists in the major hotels and Shops

CURRENCY

The Russian currency Ruble is the only accepted currency in shops, hotels and restaurants even if you will find a "UNIT" price usually equivalent of Euro or USD. All prices include a Value Added Tax of 18%. All transactions in Russia have to be paid in Rubles according to the law including credit cards

CUSTOMS

Upon arrival 2 forms must be filled in; Arrival Cards & Customs Forms (should be filled in for Arrival & Departure in case of carrying currency in cash (over USD 3.000) and in order to be given permission to bring cash back while departing from Russia). The custom declaration form has to be saved until departure. Restrictions concerning export of art works, antiquities, icons and caviar exist (available at the departure tax free).

LANGUAGE

The official language is Russian and written in Cyrillic letters. Many street signs might be marked only in Cyrillic as well as in metro stations. English widely understood in modern shops, restaurants and service outlets.

TIME DIFFERENCE

Moscow & St. Petersburg time is +3 hours after GMT and change between winter & summertime according to European standard.

TELEPHONE

When calling outside Russia you must dial 810 prior to the country code or simply double press + on your mobile phone and then the country code and number. To call Moscow you dial 8-095 and the actual number, to call St. Petersburg you dial 8-812 and the actual number.



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Marketing

Precious Stones — Preferences of Russian Consumers

The Russian jewellery market is one of the most dynamically developing sectors. Alongside jewellery output growth, the quality of manufactured products is getting better. Russian jewellery manufacturers try to introduce new technologies and modernize their management structure.

Nevertheless, Russian manufacturers should be more serious about their company development strategy, should research the market and study consumer preferences not only based on the sales data obtained from shops, but also through determining consumers' wishes. And based on this information they should develop a marketing plan in strict compliance with corporate promotional principles.

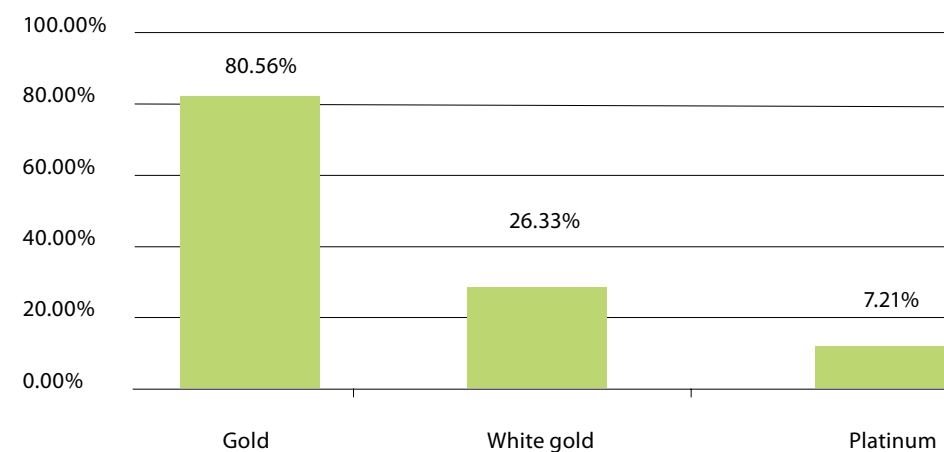
The EFFKO Co. study to determine consumer preferences on the market of jewellery with precious stones (diamonds, emeralds, sapphires) showed that the respondents bought jewellery with precious

stones most frequently for themselves. This was the answer of 54% of the respondents while 33% of them purchased such jewellery for a present.

The respondents noted the following main factors influencing purchases of jewellery with precious stones: wide product range available in a shop—75% of all respondents, reasonable price—66% of the respondents, convenient shop location—29% of the respondents.

As can be seen from the graph below, while selecting jewellery with precious stones 80.56% of the respondents preferred gold (yellow, pink/red) as precious metal, 26.33% purchased jewellery of white gold and only 7.21% bought platinum articles. (Graph)

The data presented in the table below shows that jewellery of diamonds combined with gold (yellow, pink/red), white gold and platinum is preferred by equal shares of the respondents—41%.



Graph. Consumer Preferences in Precious Metal Selection

Table. Most Popular Combinations of Precious Metals and Precious Stones

Precious stones	Gold	White gold	Platinum
Diamond	41.85%	40.63%	41.03%
Emerald	19.17%	17.19%	10.26%
Sapphire	15.02%	15.63%	23.08%
Compositions	23.96%	26.56%	25.64%
Total	100.00%	100.00%	100.00%

The most significant differences are associated with emerald preferences in jewellery of platinum (10.26%), white gold (17.19%) and gold (19,17%). Jewellery of sapphires combined with gold and white gold was purchased by equal shares of the respondents—15%, while the share of the combination with platinum was higher—23.08%. Compositions of precious stones combined with the considered precious metals were preferred by approximately equal shares of the respondents—25%. Thus, the most popular precious stone for jewellery of any metal is diamond.

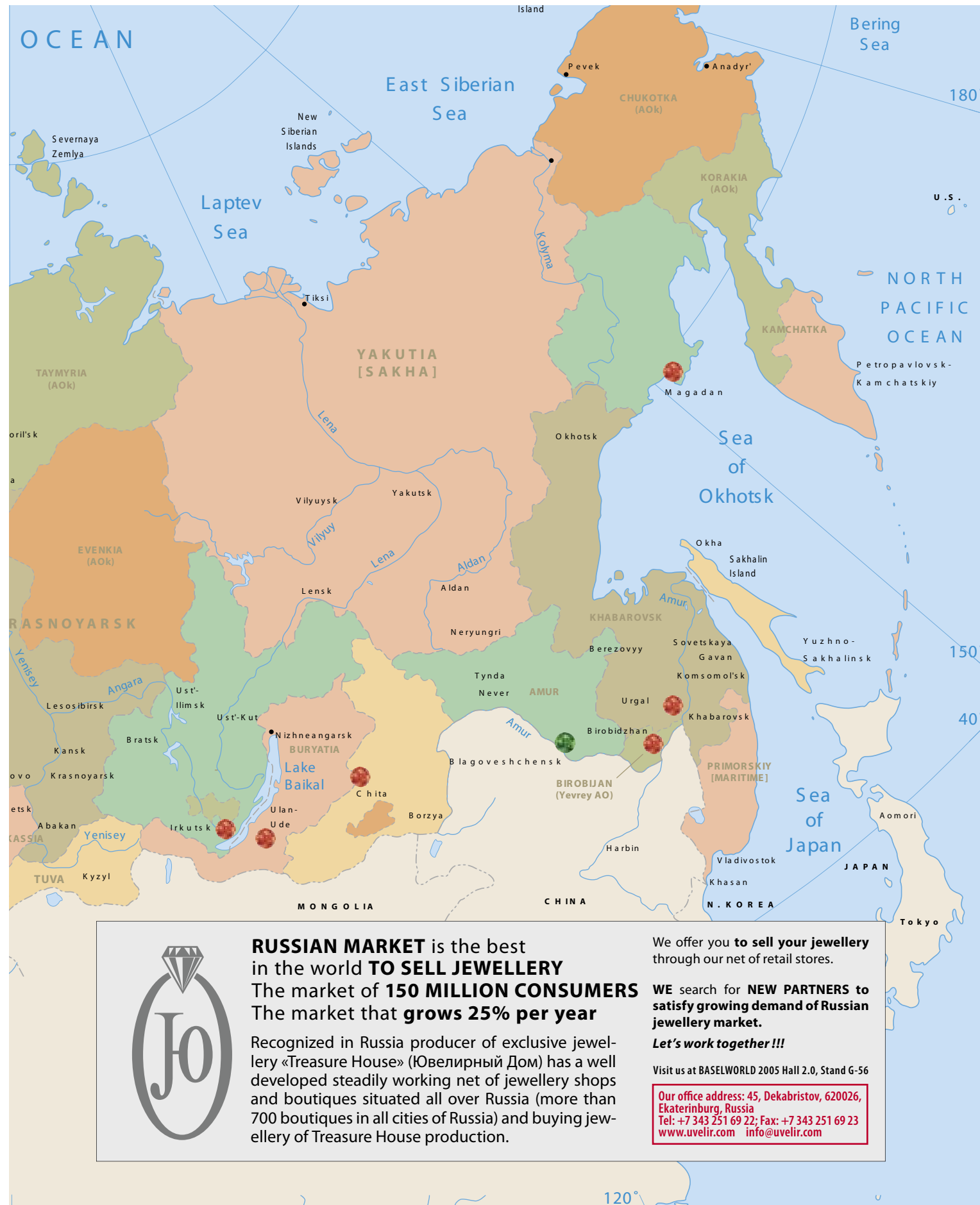
The level of awareness of precious stone jewellery brands is quite low. Over 72% of the respondents were unable to name any brands of jewellery with precious stones. In whole, the respondents mentioned 20 Russian and 14 international jewellery brands.

The majority of consumers (43.57%) purchase jewellery with precious stones once in several years, and only 29.15% of consumers buy such jewellery once per year.

In the coming years sales on the Russian jewellery market may increase by several times thanks to growing incomes of Russia's population. But foreign manufacturers may be able to get a 30% share of the Russian market thanks to a quick response to demand changes, annually updated product range and the ability of offering new original jewellery every year.

According to EFFKO experts, domestic manufacturers' task will be to make a step toward consumers and to transit from manufacture of mass articles to modern design jewellery based on individually oriented approach to each customer.

The editors thank Effko Co. for the provided materials.



Competitions

Made in Russia



Vladimir Tepliashin

Ivan Vam-Zaam, Sergey Katkov



Kostroma Jewellery Factory



Yevgeniy Parkhomenko



JSC "Kast"

Jewellery shows in Moscow, St. Petersburg and some other large cities of Russia have become an inseparable part of the country's business and cultural life. Each of these annual international events is obligatorily accompanied by a presentation of best collections and a professional competition. It is within such competitions that one can observe the most essential tendencies in the domestic jewellery industry and its growing technology potential. A foreign observer may fail to find principally new ideas, designer novelties or technological discoveries in the showcases of the competition. However, for

a Russian expert it is obvious that during the last decade the domestic jewellery industry has made a large step forward and has reached a qualitatively new level coinciding with a breakaway from the Soviet era traditional principles of jewellery manufacturing. Russian jewellers "absorb" all the best appearing on the international market of this sector, uniting the current tendencies with a unique skill and impeccable work quality distinguishing the Russian jewellery school. Such articles are mainly sold in Moscow and St. Petersburg – centres traditionally oriented toward the West. But Russia is primarily vast geographic areas.

And people in provincial regions still prefer mass-demand products of habitual red gold to avant-garde articles of platinum.

That is why, to satisfy a wide consumer demand, large jewellery companies design models that would pamper the tastes of this wide audience. At the same time, each large jewellery company definitely has artists designing haute couture jewellery to be presented at the exhibition competitions. This does not only help to support the company's image domestically, but also provides an opportunity to decently compete on the world jewellery market.



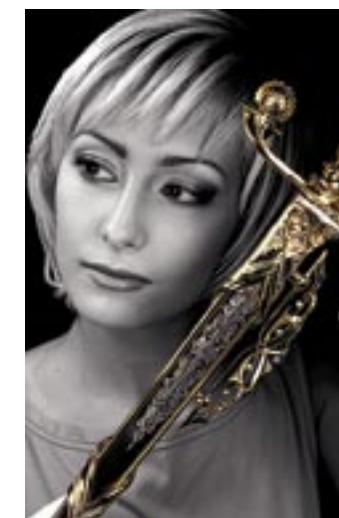
Julia Ahmadulina



Anastasia Chulkova, Natalia Markovich



Konstantin Ivanov



"AiR company"



Ivan Vam-Zaam, Sergey Katkov



"Aviator" 31681/0773778 chronograph



Chronograph "Poljot"

To a certain extent it is easier for small jewellery enterprises to react to changes in consumer demand, fashion and technology. They work using the experience of Western jewellers and make an assortment of products targeting certain customer categories.

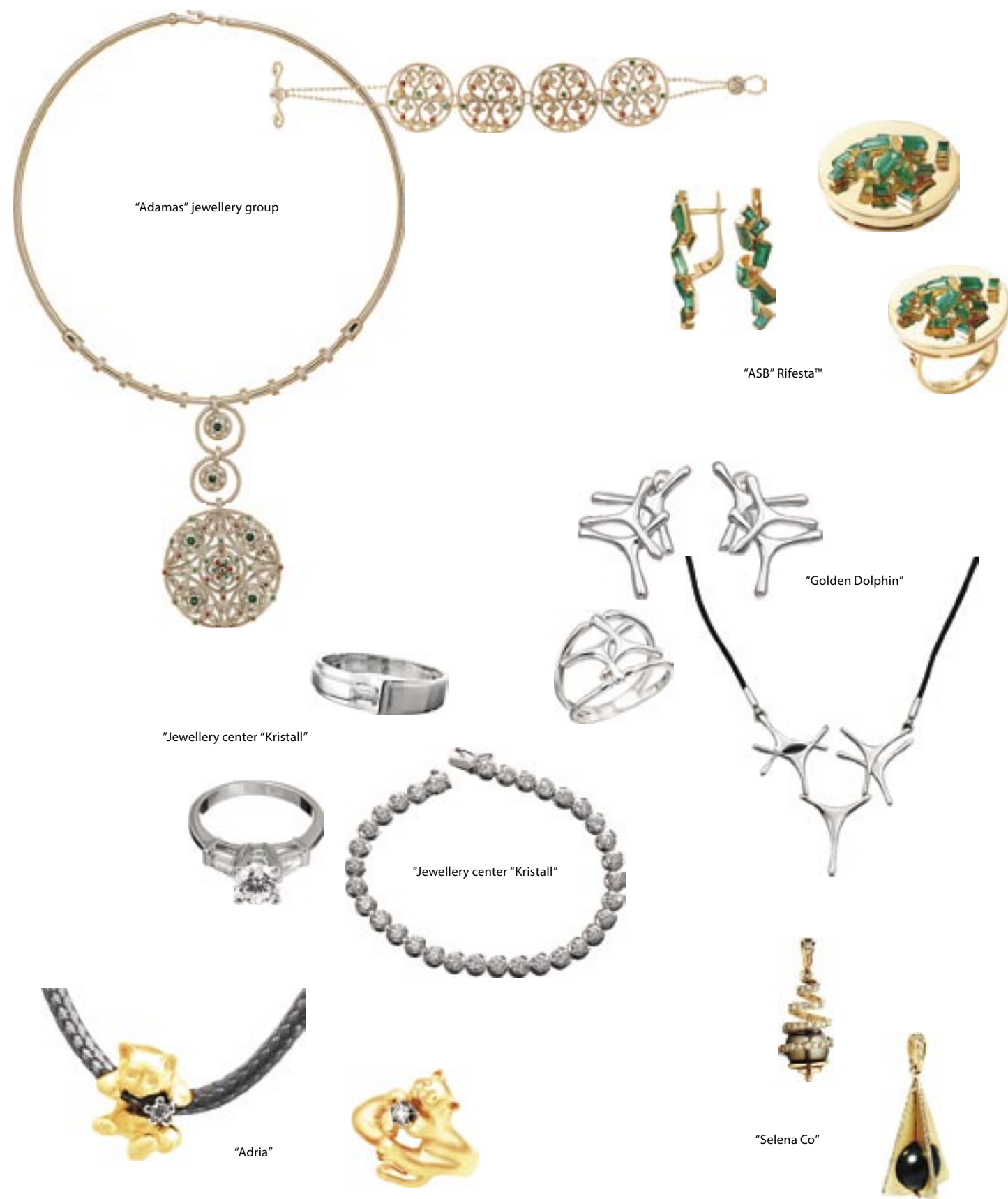
Independent jewellers—authors of exclusive adornments—also work in this direction. The largest exhibition venue presenting and widely promoting works by such artists for nearly 10 years is the "Mir Kamnya" exhibition company.

To attempt a real breakthrough in the sphere of jewellery design and technology,

at least the following two conditions should be fulfilled: presence of young creative forces and opportunity for experiment. Both of these can be annually seen within a unique exhibition programme—International Competition of Young Designers "Image and Form"—headed by a famous St. Petersburg jewellery designer Galina Kovaleva. The minds of young artists are not blurred by conventional mass-demand moulds and clichés. Besides, within this competition they do not have to contend with renowned professionals in work skill and technological complexity of articles. They rather aim at an

unexpected view of usual things, originality and novel ideas. To eliminate any limits on the participants' fantasy, the competition organizers have introduced a new nomination this year that allows virtual presentation of an article. Young designers' experiments lead the observer into the field of abstraction and constructionism. Transforming with time, such experiments may be also used in mass production of jewellery because a gradual but insistent introduction of new curious ideas can form the consumer taste.

Olga Shustrova





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Albert Dzalaev



Alexandra Traube



"Petrozoloto"



Irina Fisenko

Wholesale

JEWELLEND

This year the Jewelland company, headed by General Director Alexander I. Andryushkevich, will celebrate its 10th anniversary. Initially the firm specialized in jewellery wholesale. The next step in its development was organizing a retail network. Then in 2001 the company started to operate own manufacturing facilities. For this relatively short period the company has become one of the leaders on the Russian jewellery market by growing from an ordinary wholesaler into a large holding company comprising three major business activities: network of brand showrooms, wholesale and manufacture of jewellery.

The company's successful development and expansion of business horizons is facilitated by a clear-cut business strategy stipulating strong partner relationship with domestic industry leaders and active cooperation with representatives of the world market. These principles guarantee exclusive quality of products as well as a competent approach to forming a product range and a price policy. The holding company's cooperation with jewellery manufacturers having long-established stable positions on the market is a prerequisite for success. The Jewelland brand showrooms present a wide range of adornments from classical to avant-garde models, from serial quality products to unique works by domestic and international jewellers.

The company's top managers regularly attend largest international jewellery forums (such as BaselWorld, VicenzaOro, Inhorgenta Europe, Istanbul Jewelry Show, etc.) enabling Jewelland to have sufficient knowledge in order to form its product range both for retail and wholesale. Actively working on the domestic market, the company purchases a considerable number of products from several international companies. These contacts enable the company to keep abreast of the



"Versailles Jewels" earrings
diploma in the nomination
"Evening Adornments"



Bracelet
diploma in the nomination
"Everyday Adornments"



"Oligarch" cufflinks
diploma in the nomination
"Men's Accessories"

world jewellery fashion and please Russian consumers with a wide range of diverse jewellery to any taste: with diamonds, precious and semiprecious stones of various colours, original design.

The holding company's wholesale network comprises about a hundred large regional centres throughout Russia: from Kaliningrad to Vladivostok. The company strives for a flexible price policy in wholesale. The long-established business links enable our managers to thoroughly study demand in different regions and select a product range maximally relevant to this region. In St. Petersburg and several cities of the Leningrad Region there are 11 Jewelland brand showrooms presenting both own made products and jewellery by leading domestic and international manufacturers. It is worth noting that the company managers, paying much attention to brand promotion, open brand showrooms in the most prestigious and high-exposure locations with large consumer potential.

In June 2001 the company founders set up a manufacturing enterprise taking into account the growing needs of the Jewelland holding. This was done in order to establish a vertically integrated jewellery company able not only to react to the market changes but also to influence them to a certain extent. At present the manufacturing enterprise is a system comprising all necessary stages of jewellery manufacturing process from model design to making finished articles. The manufacturing facilities have up-to-date hi-tech equipment not only ensuring perfect quality, but also reducing self-costs.

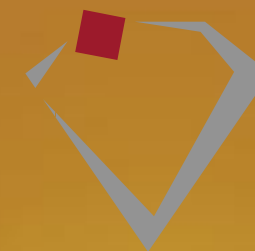
The main product categories include rings, earrings and pendants of phyanite. At present the enterprise makes over 700 models and the model range is regularly updated. Modern design, fresh ideas and creative solutions are the main features of articles created by the Jewelland designers.

The developing manufacturing base and highly qualified staff help to make not only products for different classes of people, but also exclusive art works bringing the company to a higher level. Jewelland is a repeated winner of numerous professional competitions held within international jewellery shows.

As a leader of the market, the holding company will not be just content with the results achieved but will continue to develop dynamically all of its business activities. To a large extent this is possible thanks to the company's remarkable staff team and competent marketing strategy.

The Jewelland holding company has large-scale plans. In the near future we plan to increase sales areas, expand the network of brand showrooms with the emphasis on novelties from international manufacturers. The Jewelland brand boasts a stable position in the rating of Russian jewellery companies and actively expands into the international jewellery market.

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Leafing through the Russian Jeweller magazine

Last year our magazine celebrated its anniversary: 90 years of the patented trademark Russian Jeweller. This project started in the early 20th century when the first issue of the Jeweller magazine was published. In 1914 it received a new name — Russian Jeweller. The history of the domestic jewellery industry is closely connected with the major historic events in the 20th-century Russia. The magazine provides its readers with an opportunity to compare domestic jewellers’ problems in the past and in the present. Looking through old issues of the magazine and reading its old articles, one starts to understand that many topics from the past are still crucial for professionals of this sector. However, considerable improvements have also occurred for this period equal nearly to a century.

On the one hand, Russia still exports raw amber as it used to do in the past. It is still difficult to identify the artificial diamond called Moissanite that was invented in the early 20th century. And the phrase “jewellery making in the Krasnoselsky district (of Kostroma region) is an outstanding industry worth paying considerable attention; it may turn into the Russian Pforzheim” remains absolutely relevant. The potential of this region’s jewellery sector is enormous and is not fully realised even today.

On the other hand, the situation in platinum processing and manufacture of products of this unique metal has drastically changed. In the early 20th century, Russia did not have technology and facilities for platinum processing. As a result, foreign enterprises used to purchase practically all of this metal. Now Russia has several large companies refining platinum and palladium: OAO Krastsvetmet (Krasnoyarsk Non-Ferrous Metal Plant), Ekaterinburg Non-Ferrous Metal Plant, Prioksky Non-Ferrous Metal Plant, etc. And domestic jewellers are proud to present exclusive collections of platinum adornments at

international exhibitions.

The idea to unite jewellers in trade associations was publicly discussed in the early 20th century and is still on the agenda in the 21st century. This tendency can be traced from the pre-revolution Society of St. Petersburg Jewellers to a non-profit partnership Union of Jewellers of the Northwest Federal District of Russia organised in 2004.

The Russian Jeweller magazine hope that in the next 90 years the domestic jewellery industry will further its best traditions, will correct its faults and multiply its merits. So let us meet “at the same place” in the 22nd century!

New Law On The Platinum Industry

In 1912, the Ministry of Trade and Industry submitted to the legislative assemblies a bill on reorganisation of the platinum industry and measures for its improvement. As Russia produces practically no refined platinum and all mined platinum is exported to be refined abroad, it is natural that foreign companies dominate the whole market of platinum. Therefore the

bill sought to reduce foreign influence by banning platinum exports and limiting the current free sales of platinum. According to the ministry, these measures should accompany each other as otherwise they will not be effective. The State Duma supported the ministry’s opinion, but the State Council considerably altered the first part of the bill, as it found impossible to ban platinum exports totally, and only imposed high export duties (30%) on platinum. At the same time the State Council fully approved the second part of the bill requiring accurate registration of all mined platinum. The bill has been recently given a ROYAL approval and will be put into effect on 1 March of this year.

As can be seen from the above, the main objective of the new law has not been achieved. It was meant to ban platinum exports in order to process platinum exclusively in Russia, that is to stimulate the domestic industry. Now the focus of the new law is on fiscal objectives. Germany, which has been the main buyer of platinum so far, will continue to purchase it at 30% extra charge, will process it and will return the same platinum to Russia in the form of finished products. Consequently, it is the Russian consumer who will pay the imposed duty in the end, and due to lack of platinum refining facilities in Russia we will have to buy platinum articles made in Germany as we used to do.

[Russian Jeweller, Issue #1–2, January-February 1914]

Now we will look at the current situation on the markets of mining, processing and manufacturing of platinum and palladium products.

Mining

At the beginning of the last century, Russia was an absolute leader in mining of platinum (Ural alluvial). In the middle of the 20th century, active mining of platinum and palladium from copper-nickel ores started in the Northern Russia and North America, also some large deposits were discovered in South Africa.

Nowadays the world mining of platinum and palladium can be broken down as follows:

Region	Platinum, %	Palladium, %
South Africa	77.5	35.9
Russia	13.2	46.1
North America	5.6	14.3
Other	3.8	3.7

According to Johnson Matthey

Processing

At present there are several Russian enterprises that have facilities for refining of platinum and palladium. First of all, this is Krasnoyarsk Non-Ferrous Metal Plant which is one of the world leaders in refining of platinum and palladium. This enterprise processes about 94% of platinum and 99% of palladium mined in Russia. The second in refining is Ekaterinburg Non-Ferrous Metal Plant founded in 1916 and Prioksky Non-Ferrous Metal Plant that celebrated its 15th anniversary on December 15 of last year. It is worth noting that these plants refine metals not only from newly mined ore, but also from secondary resources (electronic scrap, catalysts for petrochemical and nitrogen industries, etc.).

Application

Nowadays platinum and palladium are primarily industrial metals.

Application field	Platinum, %	Palladium, %
Automobile catalytic converters	47.9	54.8
Jewellery industry	30.7	11.1
Industrial use	21.4	21.6
Dentistry	0.0	12.6

The highest share of platinum and palladium is used in automobile industry thanks to modern environmental tendencies.

In Russia the situation with industrial products of platinum and palladium is as follows.

Only the Uralsky Electrochemical Plant manufactures automobile catalysts. The

Ekaterinburg Non-Ferrous Metal Plant and “Supermetal” Federal Enterprise make equipment for glass industry. Catalysts for nitrogen industry are made at the Krasnoyarsk Non-Ferrous Metal Plant and Ekaterinburg Non-Ferrous Metal Plant. Catalysts for oil refining are mainly imported.

Thanks to their beauty and uniqueness these metals are also used in jewellery industry. Platinum is traditional for jewellery making but until the mid-1990s was widely used only in Japan. For recent 8-10 years, China has considerably progressed in consumption of platinum for jewellery making.

Russian manufacturers of platinum jewellery include Krasnoyarsk Non-Ferrous Metal Plant, Ekaterinburg Jewellery House, Ekaterinburg Non-Ferrous Metal Plant, Adamas, Russkie Samotsvety, Kakhalong and Anlina companies. For recent years the total output has stayed at the level of 100-120 kg per year (according to the Russian Assay Office).

The jewellery industry’s interest in palladium was limited to its use in white gold alloy and only recently jewellers have appreciated it as metal that can be used separately. According to Johnson Matthey, only the Chinese jewellery industry was expected to consume some 14 tons of palladium in 2004. In Russia this figure was forecast at 40 kg. For the first time a Russian collection of palladium jewellery was presented by the Krasnoyarsk Non-Ferrous Metal Plant at the Basel Show 2002. In 2003 the Ekaterinburg Jewellery House presented a collection of palladium adornments with enamels at the Basel Show. The collection attracted considerable attention from potential international partners thanks to an interesting design of the adornments. Domestic jewellers continue to develop this area: the Krasnoyarsk Non-Ferrous Metal Plant will demonstrate a palladium jewellery collection at the Vicenzaoro 2005 show. The collection is made according to Italian jewellers’ designs, thus uniting Russian jewellery making technologies and current tendencies in the world fashion.

Artificial diamonds

Recently in Paris, engineer E. Voileteni has conducted interesting experiments and with help of an electric furnace produced diamonds that can be already used for

practical purposes. As director of a carbide factory, the inventor noticed that while direct current in the electric furnace passed through carbide, the latter dissolved under electric influence and the released carbon crystallized. Near Paris he built a pilot facility in which melted calcium carbide was electrolysed. At the end of 24-hour process several shining points appeared which turned out to be diamond crystals of irregular shape and 1 mm long. After extensive experiments he finally managed to produce crystals with the length of 15 mm and weight of 60 carats.

The produced crystals were examined from the mineralogical point of view by members of the Paris Academy of Sciences “Lorcoix Maquenne” who confirmed their crystalline structure. Another issue to be solved was whether such crystals could be grinded and polished like real diamonds. With this purpose some of the crystals were sent to Amsterdam for processing and were made there into diamonds of the first water with 32 facets. Although the sizes of diamonds produced in such way are insignificant, there are no reasons to believe that they cannot be increased and one can hope that these are just initial steps.

[Russian Jeweller, Issue #1-2, January-February 1914]

Thanks to a rapid development of engineering in the early 20th ccentury there were built high-power furnaces allowing production of several new materials the synthesis of which would have been impossible before. Particularly active work in this area was done in France. In that country the first industrial technology of growing crystals of corundum (ruby and sapphire) was invented. But diamond synthesis was of major interest. Following numerous experiments, notices on production of small diamond crystals were published. Identification of small crystals was difficult, therefore high refractive index and high hardness were considered as proof of diamond synthesis. Only in the following years it was demonstrated that different carbides were formed in high-temperature experiments with carbon. Silicon carbide (SiC) drew much attention initially as most popular experimental material (carbocide) and, in the late 20th century, as promising material for

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WELCOME!

electronics and excellent diamond simulant. A transparent type of this material used for jewellery was called moissanite in honour of French chemist Henri Moissan. Jewellers still encounter certain difficulties in identifying moissanite.

News

In Society of Jewellers. Recently St. Petersburg jewellers have been actively called upon to become members of a trade association. Larger jewellery businesses regularly gathering to discuss their interests are going to work out internal rules common for all jewellery workshops and to make them obligatory for all the members of the trade association.

[Russian Jeweller, January-February 1914]

In 2003, a Non-Profit Partnership “Union of Jewecclers of the Northwest” was set up in Russia’s Northwest region. The objective of this trade association is to protect the interests of the jewellery market participants, to lobby their interests with the federal and regional state authorities, to work out corporate distribution and promotional policy with the purpose of increasing companies’ competitiveness and to stimulate cooperation between the Union members. The main task of the Union is to unite efforts and coordinate activities of the interested market participants in the Northwest Federal District for dynamic development of jewellery companies in this region, for ensuring healthy competition and strengthening consumer confidence in the regional manufacturer.

The Union was founded by 12 companies. A.S. Gorynya was elected Chairman of the Board (consisting of 5 persons) and P.B. Sokolov — Deputy Chairman. The Board also included representatives of jewellery companies from St. Petersburg and Kaliningrad. At the first session of the Union on 20 January 2004, during which 4 other organizations applied for membership, organizational issues were discussed and the Union bylaws were approved.

These provisions include:

1. Development and maintenance of a tariff scale at enterprises of the Union of Jewellers of the Northwest
2. Struggle against counterfeit products

3. Formation of a personnel training system on a commercial basis
 4. Joint economic activities
 5. Mutual respect and fair practices of the Union members in relation to each other and within the business community...
- One of the Union’s latest initiatives is publication of an almanac of the members of Non-Profit Partnership “Union of Jewellers of the Northwest”. The almanac will cover the main activities of the member-companies and is meant to be a “business card” of the Union.

Russian amber

Amber or fossil resin is gathered on the shores of the Baltic Sea, near Danzig and Koenigsberg in Germany, and in Courland and Estonia in Russia. Amber, which is now used for various haberdashery products, was used for making more precious things in the ancient times, especially the kind of amber containing some insects inside. Amber products are mainly made in the regions where it is gathered; it is Courland that from the ancient times has been such region in Russia. For example, Courland presented a staff of beautiful amber to Patriarch Philaret; this staff is still kept at the Moscow Armoury Chamber. The Moscow polytechnic fair of 1872 exhibited a collection of amber articles made by the then famous Company of Polanga Amber Craftsmen. In Russia, manufacture of amber products still resides near Polangen (Polanga), there are several small factories making cheap beads and other amber articles.

According to a recent article in a German newspaper, Russian amber is exported while Russian manufacturers of amber products import raw amber from Germany and even promise not to use Russian amber in manufacture. Why Russian amber is exported in order to bring it back to Russia for manufacture remains a mystery. Anyhow, the Ministry of Trade and Industry should make inquiries regarding this issue and, if the above information is true, take adequate measures by raising export duties so that Russian amber is processed in Russia without any foreign intermediaries.

[Russian Jeweller, Issue #3, March 1914]

90 years later...
KALININGRAD REGIONAL
PUBLIC ORGANIZATION
OF BUSINESSPERSONS
“AMBER UNION”
To A.E. Egorov,
Governor of Kaliningrad Region

Dear Mr. Egorov,
The Kaliningrad Regional Public Organization “Amber Union” would like to inform you that the amber industry of our region is in crisis: a number of enterprises processing amber and making amber products are on the verge of shutdown.

The managers of the Amber Plant appointed on 17 March 2003 by the arbitration court (for external management) pursue a policy aimed at destruction of the region’s amber industry and total monopolization of the market. The plant exports large quantities of raw amber while local manufacturers of amber products cannot acquire raw materials for months and have to decrease their output. Foreign buyers of amber purchase it at better conditions than regional ones, because exported amber costs 18% lower without VAT being included in the export price. During the last five months raw amber prices for local manufacturers have been artificially raised due to sales via intermediary firms. At the same time, 2-3 dummy firms shipped raw amber abroad. Only one of these firms exported over 44 tons of amber (of coarse fractions) alongside annual output of 150 tons. In his public speeches, Executive Director of the State Unitary Enterprise “Amber Plant” insists that there is a normal balance between exported raw amber and local market, but factually 90% of raw amber is still exported through dummy intermediary firms.

With the view to the above, the Kaliningrad Regional Public Organization “Amber Union” request your assistance in resolving this conflict situation between the Amber Plant and amber products manufacturers of the Kaliningrad region so that the latter could acquire sufficient supplies of raw materials.

Kaliningrad Regional Public Organization
of Businesspersons “Amber Union”
24 November 2004

Interview



The Russian Jeweller Interview

**Shereen Walcott Exhibition Manager,
New Russian Style/International Jewellery Moscow**

What was the objective behind launching an international element into NRS/IJM?

Reed Exhibitions has experience of organising 19 shows within the Jewellery sector covering Asia, Australia, the US and Europe. We were aware that over the past five years, the Russian jewellery industry had demonstrated high growth and wanted to give our international customers the opportunity to venture into this new market.

Why did Reed Exhibitions partner with Restec Exhibitions to launch this show?

Reed Exhibitions have had a long standing relationship with Restec Exhibitions in the past, working with them on the very successful CIS Travel Show in St Petersburg. Restec Exhibitions had launched a domestic show in Moscow in 2001 and it provided us with the perfect business relationship. Restec are the leading exhibition company in Russia and are experts

in the Russian jewellery industry.

Why do you think Russian Jewellery Trade Buyers want to meet with international jewellery manufactures?

Consumer awareness of global jewellery products is growing, via the various glossy consumer magazines now published in Russia and with more Russians travelling abroad. Jewellery buyers have had to, in the past, visit overseas jewellery exhibitions to purchase the products being demanded by consumers. NRS/IJM allows buyers to view and order their full jewellery requirements without having to travel abroad and they are able to view products from Russian manufactures as well as international manufacturers, all under one roof. It is also a far easier option for them, since they are confident that the international exhibitors are eager to do business with them.

What is your previous experience of exhibitions and the jewellery trade?

I have been fortunate enough to have worked at Reed Exhibitions for 14 years and in that time have worked on exhibitions covering industries including fisheries, publishing and jewellery. I worked for a number of years on the very successful jewellery exhibition in London—International Jewellery London.

What do you find is the most frustrating part of your job?

Reed Exhibitions role is to offer our customers the easiest structure possible to enter a rather complex and ever changing market place. There are new challenges and systems to fully understand which then need to be simply and clearly explained. Also having worked within the exhibition industry for so long, adjusting the traditional organisational and marketing patterns to fit within the obvious differences that will accompany a different culture takes a little more time.

And what is the most enjoyable part?

Those various challenges are also the most interesting and enjoyable part of the job. I am extremely lucky to be able to not only learn about the Russian culture and people but also to visit Moscow and St Petersburg, which are truly beautiful cities...

Market

Rapidly Growing Russian Market Open for Business!

As the average income increases in Russia, the demand for luxury goods continues to increase dramatically, especially for design-led Western Jewellery. "International Jewellery Moscow/ New Russian Style" provides the focal point for Russian Trade Jewellery buyers to network, learn and buy from leading suppliers from all around the world.

In its second year, IJM/NRS runs from 18th–21st May 2005 and will again take place in the magnificent marble floored Gostiny Dvor, just beside Red Square in the centre of Moscow. The launch event attracted over 7,173 visitors including 91 press and over 3,700 trade specialists. The organisers have introduced a number of new developments to continue to attract and increase Russian trade buyer attendance.

Having worked closely with Russian Customs prior to the first event, the organisers succeeded in delivering the only jewellery event in Russia to transport all international exhibitor products on time into and out of Russia. This customs procedure has been further simplified to continue to assist international exhibitors wishing to enter the Russian market via IJM/NRS.

Reed Exhibitions, together with their Russian partner The Restec Exhibition Company, work closely with exhibitors to advise and assist with every element involved in entering this developing new market. To date, international participation includes pavilions from Italy, Germany, France, Belgium and the Lebanon, together with stand holders from Australia, Switzerland and the UK.

Amongst the international exhibitors participating this year are Imma Gioielli, Leoncini Astucci and Recarlo, all from Italy, Olexport-Matthia's & Claire from Switzerland and exhibiting for the first time from the UK, David Morris who has outlets in New Bond Street, Harvey Nichols and Selfridges in London and is taking a 60m2 booth to launch his products into the Russian market.

"We are delighted with the ongoing support from new and existing exhibitors for IJM/NRS", explains Shereen Walcott, Show Manager at Reed Exhibitions. "Working closely with our Russian partners, Restec, IJM provides a safe environment in which manufacturers and designers, ready to expand their business, can test Russia as a prospective new market for them. The combination of Reed Exhibitions, the world's leading trade fair organiser, and Restec, a local Russian specialist, makes it easy for exhibitors to benefit from this rapidly growing, but sometimes complex market!

Walcott adds that "IJM/NRS is the only truly business forum for influential Russian buyers to meet with many of the international and domestic exhibitors participating".

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Notes to editors

Reed Exhibitions already runs 11 jewellery trade events across Europe, Asia Pacific and the Americas. Restec is one of Russia's leading exhibition organisers with a portfolio of over 100 events both in Russia and abroad.
www.jewellerymoscow.com

Exhibitions • INFO

Program «Jewellery Russia»

«Program «Jewellery Russia»: consolidation of progressive participants of the jewellery market and adjacent branch structures with a view of creation of effective partner relations providing competitive advantages in the Russian market of adornments»

Last years the Russian jewellery industry has been showing significant growth. It is necessary to say, that the growth of the given segment of the market has not exhausted its resources, having, at least, a double potential. Russia takes one of the leading places in the world in the extraction of rough diamonds, gold and metals of platinum group, has large deposits of other precious metals and jewels. The development of the jewellery market in our country is one of the aspects of growth of the economy as a whole.

At the same time, despite of high rates of development, the analysis of the gold-diamond complex of Russia compels us to say, that its modern condition does not correspond to its real potential, and the role in the international market is essentially underestimated.

The main problem of the modern Russian jewellery industry is the integration into the international markets as the rates of growth of the branch exceed the growth of purchasing capacity of the population.

In such situation, it is necessary to use an essentially new marketing technology.

In the modern economy information business communications become powerful and effective means of business. The value of business is mostly determined not by its material components, but the non-material assets, such as people, ideas, technologies and strategy of association and use of the main information resources and the organization of the information exchange between its participants.

Optimization of the information supply of the Russian market of jewels is the important stage of creation of an effective network of the branch business - communications supporting the real development of the market. It is

the tool, which helps to inform its participants (from raw material miners up to consumers), and also those who renders regulating influence on the market about the purpose, ways and means of development of the market.

The environment for the B2B concept development in the Russian market are:

- Industrial production of jewels
- Jewellery trade
- Banks
- Insurance companies
- Carriers

The further development assumes inclusion of other segments of the branch: geology (exploring of deposits of precious metals and jewels), the market of extraction and processing.

In modern conditions the information infrastructure of the branch includes the more and more important factor of its stable development - B2B communications by means of:

- Exhibitions
- Online-portals
- Consulting organizations
- Magazines, bulletins, directories.

Thus, the creation of the integrated B2B specialized mechanism pursues the following purposes:

1. A supply with information of the branch segment
 2. The organization of information space for promotion of an activity of the branch subjects.
 3. Creation of the favorable information environment for potential investors.
 4. Expansion of interaction of the enterprises of jewellery branch with the state and regional authorities and administrations.
 5. Integration into global jewellery trading networks.
- These are the purposes of the Program

«Jewellery Russia», which is to be the effective mechanism of stimulation of the specified process and creating the structure of the branch B2B (business-to-business) specialized Russian association.

The initiators of development of the Uniform exhibition concept «Jewellery Russia» are The Exhibition Research Center, RIA «RosYuvelirExpert», Club «Russian Jewellery Trade», «Restec» Exhibition company.

The structure of the branch B2B specialized Russian association includes potential of the following medial carriers:

1. The all-the-year-round exhibition program «Jewellery Russia»— «JUNWEX»— Saint Petersburg, «NEW RUSSIAN STYLE»— Moscow and «JEWELLER» (BEST ADORNMENTS of RUSSIA) Moscow. The most important things are the Competitions, Festivals, Congresses spent within the framework of the exhibitions. The role of the organized by «Restec» Exhibition company Russian sectors at the large foreign exhibitions is also very important.
2. Branch consulting structure of RIA «RosYuvelirExpert»
3. Club «Russian jewellery trade»
4. The Exhibition Research Center
5. The specialized Internets-portals «Russian Jewellery Network» and the Incorporated electronic Catalogue developed by the magazine «Russian Jeweller and RIA «RosYuvelirExpert»

The exhibition branch of our country, being the organizational form of an establishment of commercial connections in conditions of today's Russia is characterized by intensity of growth, new qualitative level of development, promoting formation and effective development of the national market. Exhibitions are a link between the domestic and international markets and promote attraction of foreign investments for realization of perspective directions of economy development. Now in the exhibition market of Russia there are about 600 companies organizing more than 2000 actions with the general annual turnover more than 300 mio USD.

During 15 years of its activity «Restec» Exhibition company has not only strengthen the

positions in the domestic market, but also to involve the foreign partners, including number 1 exhibition company in the world jeweller market - «Reed» company. The company has acted as the co-author of the exhibition «New Russian Style» in Moscow, and also has granted the exclusive right to «Restec» Exhibition company to complete the Russian participants at the 24 jeweller's exhibitions worldwide.

The program «Jewellery Russia» provides necessary conditions for the effective offer of the goods to trading organizations in conformity with seasonal peaks of sales and features of seasonal demand, necessity of positioning of the trade mark in the market and introduction of new mechanisms of the marketing, stimulating stable consumer demand.

The all-the-year-round program providing an optimum selection of the exhibition services with a view of effective marketing of the market and the organization of successful JEWELLER business is offered by branch jeweller administration «JUNWEX» of the «Restec» Exhibition company. The «JUNWEX» administration has many undertakings which today have integrally come in an existing development stimulating market mechanism. These are, first of all, the system of the Jewellery Competitions which are giving rise to new names. For 7 years «JUNWEX» carries out postcompetition JEWELLER's auction with its own catalogue of author's works. Within the framework of the competitions there was the permanent jury consisting of the best critics of the Hermitage, Russian museum, Museum of Kremlin. The estimations of such jury really stimulate the sales of expensive jew-

els, giving them the status of rare highly artistic exclusive adornments, promoting a birth of domestic brands. The supreme Expert Board of RIA «RosYuvelirExpert» today actively influences pricing in the exclusive market. The Administrative office of the President assign it the official expert group for determinations of the applicants for delivery of the new Russian quality symbol.

«JUNWEX» administration initiated creation of branch consulting structure — RIA «RosYuvelirExpert» which deals with branch marketing, situational modeling and outstripping forward planning of development of branch management. Consulting campaign has four years of fruitful work. RIA «RosYuvelirExpert» provides success of business-contacts, carries out the direct help in exhibitions preparation, coordinating meetings and providing negotiations of the interested parties, carries out analysis of the trade demand and preliminary gathering of the assortment applications for production of participants. In other words, «RosYuvelirExpert» promotes all-the-year-round information — marketing maintenance of the exhibitions participants.

The jewellery administration «JUNWEX» has generated an idea of the Club «Russian Jewellery trade». An overall objective of the Club is an optimization of the relations of the Russian manufacturers of jeweller product with trading organizations, restoration of the uniform market on a postsoviet space. Work of the Club is to counteract an unfair competition, development of civilized relations in the jeweller market of the Russian Federation. The club for today has 1642 network jewellers from all Russian regions, promotes creation of the uniform market-

ing policy and realizes bank opportunities on crediting trade enterprises before peaks of sales, the corporate privileges at carriers of jewellery cargoes and insurers.

According to the conceptual paradigm of creation of dynamical infocommunication business-model of the jeweller market the great value is an increase in a role of commercial banks and other credit institutes. Last years a lot of bank structures actively works in the jewellery market, they work with various sectors of the precious metals market: gold mining and gold processing enterprises and the jewellery companies. The bank gives a full service — starting from the deposits users crediting and receptions of metal up to its realization to jewelers. Among the offered services—direct sale of ingots, crediting by metal, sale of ingots with a delay of payment, opening the back-up lines, cash credits, participation in joint projects. Design financing of the crediting of the jewellery industry helps to the enterprises, resorting to the bank system, to make modernization of the equipment, to intensify business and to take very serious positions in the market. Thus, the role of a bank is a financing development of the branch, strengthening the positions of private traders of this market—the enterprises of the jewellery industry.

Thus, it is obvious, that for today the country has all preconditions for creation of the branch B2B (business-to-business) specialized Russian association and there is a necessity of realization of the given mechanism, as a lever for stimulation of the development of market relations in jewellery branch and, as a whole development of foreign economic relations of Russia, its rational integration into economic.

RosYuvelirExpert

Russian jeweller market: Prospective of cooperation

Having a huge raw material base of precious stones and precious metals, Russia's jewellery industry today gives only 0,01 % of GDP. However, jewellery market's rapid growth and liberalization together with complete infrastructure for jeweller business development make the country attractive for future cooperation with its companies.

Russia is the 4th world's biggest gold quarrier and practically monopolist in platinum and palladium stores. In precious metals quarry and production 33 state enterprises take the leadership with 4 of them being the most significant: the Krasnoyarski plant of non-ferrous metals named after V.N.Gulidov, Schelkovski plant, Ekaterinburgski and Moskovski plants of NF machining.

On the diamond stores Russia takes the 1st place in the world, while in diamond quarry the «ALROSA» Diamond Company takes the 2nd place in value terms. Among 20 countries, dealing with gem-cutting, Russia takes the 5th place.

According to the Assay Office data there are over 5,5 thousands jeweller companies of different forms of proprietorships having permission to produce and repair goods made of precious stones and metals. All the jewellery producers in Russia can be divided in 4 categories, according to the ligature mass of the jewellery they produce.

The 1st group includes about 50 large companies producing over 50 kilos of jewellery products per month. They produce about 18% of the total market volume (before 1999 — 25%).

The 2nd group includes about 8–9% companies producing 10–50 kilos of jewellery products per month. Today these are rapidly developing manufacturers, producing about 65–70% of the total market volume.

The 3rd includes about 50% of the companies monthly producing 1–10 kilos of jewellery products. Although this area is stably developing, its influence on the market cannot be significant.

The 4th group includes sole proprietors and artists—jewellers working with private orders form the population. Their production is mostly exclusive and custom-made.

In diamond production over 150 companies involved with Smolensky «Crystal» and Tuimaada Diamond being the biggest and producing jewellery for hundredth of millions dollars per year. Diamond production in Yakytia is also developing rapidly. Smolensk diamonds of the «Russian faceting» class are world known as respected and expensive jewellery. However, only 5% of the jewellery products are consumed on the local market—all the rest is being exported.

Russian jewellery art is traditional and has its history. Historically big jewellery pro-

duction centers took their places in Ekaterinburg, St-Petersburg, Moscow and in Kostroma, where over 80% of the companies are located, handing the craft over from one generation to another. Primer professional education jewellers obtain in professional colleges of St-Petersburg, Moscow and Kostroma. The elite of jewellers-designers graduates the St-Petersburg University of Arts named after Mukhin and University of Design, preparing highly educated specialists.

In 1999–2002 the annual industrial production growth has reached 25%. In 2003 the figure was 30%. In that period 39,13mln pieces of gold jewellery, 29,25 pieces of silver jewellery, 65000 pieces of platinum jewellery and 1380 pieces of palladium jewellery were produced in Russia. From year to year the average weight of the jewellery produced is lowering which reveals the common world's tendency. In 2003 Russia used 96 tons of gold for jewellery production, which was on 15 tons more than former Soviet Union used on these purposes.

Economical growth explains high developing rate of Russian jewellery market. Managing regime of inflation and constant growth of economy has been established in the country. The government supports liberalization of the jewellery market, giving it the opportunity to develop according to economical laws. In 2001 the excise duty was lowered from 15% to 5%. In 2002 the licensing was pruned down. Companies-monopolists belonging to the government were transferred into a joint-stock compa-



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nies. State control is exercised only for the companies working with precious metals and stones for obligatory approbation of all the goods for sale. State Customs Commission puts all the customs rules on bringing in and taking out jewellery products.

The year 2004 signified the beginning of the stabilization process, when the rate of production growth was 27%. According to the experts' data, total volume of jewellery sales on a Russian market exceeds \$1.5 bln.

The dynamics of the industry's development is featured in 100% production volume growth at almost quarter of Russian companies. A new era of private capitals investments, both — domestic and foreign into the jewellery industry has come in Russia. Some of Russian companies have strong influence on the internal market and on the situation in CIS in the whole. The oldest Russian companies: The Russian Semi-precious stones (St-Petersburg), Krasnoselskiy, Kostromskoy and Krasnoyarskiy jewellery factories on Krasnaya Presnya still remain the biggest in the industry.

Growing of the domestic competition in 2002–2004 has lead to structuring of the industry. Newly founded companies were trying to conquer the market and to develop their own profile. Growing during the last 5 years they filled all existing space in the jewellery market. It is expected now that in the following 2-3 years the jewellery production growth will stabilize. Those companies that appeared after jewellery system of the USSR broke down have already divided the market shares between themselves. Absolute leaders in production volumes and growth rate have also shown themselves. "The Russian Semi-precious stones" PLC, Krasnoselskiy YUVELIRPROM, CoYZ, Krascvetmet

and other traditional brands from the past are considered to be the leaders of the jewellery market. Some of the "second wave" companies, however, not only reached their production volumes, but also left them behind on some positions. The dynamics of their development signifies future leadership of such companies. Such manufacturers as ERMI, the Jeweller House (Ekaterinburg), Sharm and Trust Capital (Moscow), Gringor, Petrogold and Cast (St-Petersburg), Junaid and Platina, Master Diamond (Kostroma) are famous and recognized all over the world.

Together with traditional Russian factories, having managed to re-build their profile according to the new market conditions, together with absolute leaders (Diamond Holding, Edem, Adamas) having in their disposal modern management and technologies, young companies of the second wave will direct the Russian jewellery market.

Rapid growth of the Russian market resulted in vivid interest of foreign companies. The foreign goods share has increased from 25% to 35% and in 2004 the import of silver goods exceeded internal production. For instance, the "VIP 2000" company (St. Petersburg) has imported about 7 tons of silver goods in 2004, which almost equals to the Russian silver leader Krasnoselskiy YUVELIRPROM production. It is essential to mention that legally transported jewellery from the Asian region, even after passing all customs procedures and paying the duties, are still more competitive compared to domestic products. In this situation many companies are switching to a new cooperation scheme with foreign partners. The market priority right now is give-and-take basis metal and tolling direction. Thus, through customs processing re-

gime, raw material for jewellery goods (metal, stones) is transported into Asian countries for the production of jewellery, which afterwards will return to Russia. This way of production allows to cut significantly the working expenses and therefore, to cut the prices on ready-made goods. Compared to local, the workforce in Turkey, for example, is much cheaper. Besides, the manufacturer gets high design and quality level product that allows him to improve level of sales and supply the jewellery market with modern models that have range of advantages compared to the local competitors' production.

The biggest advantage in competitive war for the customer foreign companies see in both: high quality of the final product and recognition of the manufacturer brand on the Russian market. Quite often Russian companies fail to have clear marketing policy strategy and, as a rule, lose in this battle. Those advantages are especially notable in jewellery trade organization.

There are over 22 000 companies involved in jewellery trade in Russia. Four big jewellery centers together with big manufacturers historically formed in: Kostroma, Krasnoye Selo and their surroundings; St. Petersburg; Ekaterinburg and Chelyabinsk; Moscow and Moscow Region. In the past several years jewellery trade systems having started to develop in Rostov, Oreo, Saratov, Yakutia and Far East.

Distribution by regions of Russia

Nº acc. to the list	Regions of Russia	Jewellery trade companies
1	North-West	923
2	Far East	660
3	Privolzhie	2640
4	Siberian	1100
5	Ural	1980
6	Central	9460
7	Southern	4180
8	Total	22000

There is no strict definition on retailers and wholesales on the Russian jewellery market. Not more than 5% can be considered as wholesales. The major part of Russia's jewellery trade companies work by the retailing-wholesale scheme. A jewellery store makes a wholesale acquisition or gets a product for realization from a manufacturer and sells it to a customer in retail.

Due to some peculiarities in legislation and banking system, Russian jewellery trade lacks appropriate customer service. Even such trade chains as "Center Jeweller" (Moscow) and "The North-West Jewellery Trade" are not able to meet markets' changes at full range. In reality, only few companies have clear development strategy, modern ideas on trade halls decoration and advertising campaigns of the trade chain. Obviously, when a foreign jewellery company enters the Russian market it keeps to its own developing strategies instead of relying to already existing. The local manufacturer also fails in the way of presenting its products. In this area it is essential to have brand packaging and trained personnel.

Big jewellery manufacturers are establishing their own trade chains now. Among them Adamas and Diamond Holding. Diamond Holding has a chain of more than 150 jewellery stores all over Russia. The cycle "production—trade—production" allows the company to offer competitive prices, while information obtained from the stores allows to catch new demand tendencies and to amend the assortment of production. The Adamas trade chain (about 30 stores) development is going the same way.

In the big cities of Russia, such as Moscow and St. Petersburg a chain of demonstration halls is being established for pre-

sentation of top-level jewellery. Quantity of luxury stores is not enough to meet customers' demands. Among those stores are: Tiffany, Chopard, Bulgari, Cartier, Korloff, "The Diamond Yard". It is expected that the chains of luxury jewellery stores will have further expansion, enjoying more and more foreign investments.

During the last decade marketing system in Russia is being developed together with presenting jewellery product to a customer.

Out of all the multitude of jewellery exhibitions held in Russia, only "EO RESTEC" Ltd and "R.O.S. Jewellerexpo" offer significant shows, where all the Russian jewellery industry potential is presented together with biggest manufacturers and trading chains, leading professional associations and unions. Up to the year 2002 there were only 2 main jewellery exhibitions in Russia: "Jeweller" in Moscow and "JUNWEX" in St. Petersburg. With the new exhibition "The new Russian style" having started in 2001 and having considered all the integration processes and market's changes caused by Russia's entering the WTO, the competing situation may change in favor of the new exhibition.

Today the "New Russian style" exhibition /International Jewellery Moscow/ together with a trans-national company Reed-exhibitors have presented to the Russian market 149 famous jewellery companies from Italy, France, Belgium, Israel, USA, Great Britain, Germany. Thus, being so quickly growing event, the exhibition is now considered to be the national event number 1.

The initiators of the new marketing system establishing were RIA "RosJewellerExpert" and the Exhibiting Company "Restec". They proposed to establish a "Russian Jewellery Trade" club, to provide all year round

exhibiting program to stimulate consumers demand according to the seasonal demand, to launch new marketing structures and to present new jewellery brands.

The program includes: jewellery wholesale fair "Jeweller*" /Russia's best jewellery/ (7–11 September 2004, Moscow, Gostiny Dvor), the JUNWEX jewellery exhibition (2–6 February, 2005, St. Petersburg) and international jewellery exhibition "New Russian style" /International Jewellery Moscow/ (18–21 May, 2005, Moscow, Gostiny Dvor), organized in cooperation with the Reed-exhibitors. The support of RIA "RosYuvelirExpert", "Russian Jewellery Trade" club and local jeweller societies, together with the organizers' huge experience in the jewellery market put this exhibition on a highest level.

The examples given show the market's structure, most prospective Russian companies, and highlight investing opportunities.

Further development of Russia's jewellery market will totally depend on the ability of Russian businessmen to attract investments —both domestic and foreign. Of course, it is quite easy to understand that cooperation with Russian companies with their management base and knowledge of economical and national peculiarities is essential to reduce losses while entering the new market.

The new Russian strategy of cutting the raw material base sales and industrial growth stimulation create profitable investments conditions and propitious field for cooperation and partnership.

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Technologies

International Jewelry Symposium

International Jewelry Symposium is an annual technological forum to unite jewelry enterprises managers, technologists, material and equipment producers of various countries. St. Petersburg Symposium has such partners as Santa Fe Symposium in USA and Vicenza Technological Forum in Italy. Today's Symposium is a developed international undertaking to be waited and prepared for, make appointments being made.

The Symposium is traditionally held in terms of nonprofit research reports and presentations that each are discussion crowned. Contact is simplified with simultaneous translation whereby supported are all the Symposium undertakings. Along with subjects directly linked to jewelry manufacturing, discussed are the accountability and checkout problems thereof as well as customs formalities. Experiences to be exchanged, jewelry manufacturing issues to be discussed thoroughly by the world's leading experts are undoubtedly useful for all the forum participants. US, German, GB, French, Russian, and Ukrainian experts noted in the field of jewelry technologies are there among Russian Symposium reporters. Worthy of special attention and appreciation are Mr. Eddie Bell, Santa Fe Symposium president (USA), our Italian colleagues Mr. Valerio Faccenda (adviser, Pomellato), Mr. Hubert Schuster (manager, Jewelry Technology Institute), Mr. Mario Rosso (professor, Torino Polytechnical University). According to Mr. Eddie Bell, Santa Fe Symposium president, the reports and discussions level is evidence of the participants high professionalism and genuine concernment.

The III International Jewelry Symposium in summer, 2004 was participated by more than 100 representatives, mostly from Russian jewelry companies. The Symposium auspicious and friendly climate was especially pointed out

by all the participants. Our foreign colleagues amazed at Russian jewellers solidarity. As it was noted by Damiano Zito, president of Pro-Gold, Italy: "Everyone was most of all pleased by lively dispute to complete each report. A direct audience-reporter dialogue just in my presence gave birth to novel technological ideas worth to be tested in action". The experience of last Symposiums shows the members to have multitude of questions and thirst for association. Not only people do share their achievements, but also discuss manufacturing problems and find solutions. Lively communication during post-report discussions in a friendly and officious atmosphere give rise to genuine interest, since not only having experience exchange, but being high emotionally charged.

The forum operation was widely covered by mass media. Accredited were at the Symposium 8 news and dedicated jewelry periodicals and 4 TV companies.

Under global competition an urgent object of many of Russian jewelry companies is to apply advanced concepts and technologies. Showing exhibition participated by known Russian distributorships of foreign equipment producers allowed new technologies and modern jewelry facilities to be obviously familiarized with. It is a good chance for Symposium members not only to give a demonstration of the equipment, but also to make their companies ready for be-

ing presented for actually interested audience as well as to carry out a master-class. The exhibition to be conducted first in the Symposium framework will undoubtedly become part and parcel of Russian technological forum.

In the framework of Symposium organized are traditionally excursions to St. Petersburg jewelry enterprises, which allow manufacturing environment, equipping level and quality of products to be compared. Such a review, surely, gives ground for reflection, creates wholesome competition thus resulting in products quality and long-term profit being worked at.

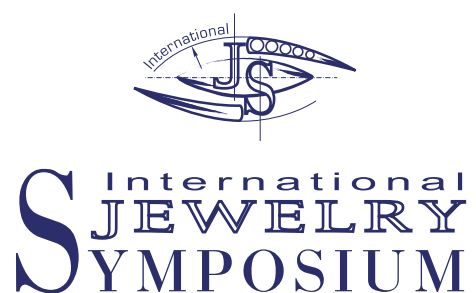
Forum entertainment program is a harmonious supplement to business curriculum, "white nights" spell making sojourn in St. Petersburg peculiar and unforgettable.

You are invited to participate the 4th International Jewelry Symposium that will take place on July, 4–8 2005 in Saint Petersburg in "Angleter" Hotel conference hall. The Symposium subject is: "Traditions, innovations and prospect of modern jewelry manufacture". Intended are various types of the Symposium participation:

- as a listener (375 Euros per one representative);
- as a reporter (free of charge);
- as a sponsor (variants of sponsorship are possible, including one coffee-break or banquet sponsoring). Sponsor package items depend on sponsor contribution amount;
- as an equipment exhibitor (180 Euros per square meter)

We can also help to organize your company commercial presentation and the products thereof in the Symposium context.

Please, see www.j-symposium.ru for more information.



Technologies

Invisible Setting in Wax and Casting in Gold and Silver

HUBERT SCHUSTER, Jewelry Technology Institute, Creazzo — Vicenza, Italy

Introduction

Casting with stones in general has now been known of and practiced for many years, although great progress has been made and importance gained in more recent years, due to rationalisation in production and increase in quality.

The main reason for developing the stone casting process with invisible setting was the need to drastically decrease costs with the use of synthetic stones or cubic zirconia. In fact, these stones are extremely suitable, as their measurements are usually regular and they are already prepared for invisible setting. However, this method is also extremely suitable for diamonds, genuine rubies and sapphires.

The firm Swarovski Austria, which also supplied the stones for several experiments, supported this research project. In the meantime, we have already introduced this method of setting to several firms in Italy, Turkey, Thailand, Indonesia and the USA, which are using it successfully.

These are the advantages:

- Setting stones in wax (invisible) are easy to learn and very fast compared to setting by hand. Example: it would take approximately 6 hours to set a ring with 30 stones by hand, whereas setting a ring with 30 stones in wax takes approximately 20 minutes.
- Stones are set more securely and the risk of breakage or losing stones decreases dramatically.

- only a minimum training session of a few days is required to transfer this technology and start the system of casting with invisible setting in wax.

Suitable stones

Diamonds are without doubt the most suitable stones, as they are the most resistant to the pressure of metal. Rubies and sapphires do not create great problems, as long as they are of certain purity and have been cut as regularly as possible. The most delicate stones for this procedure are cubic zirconias, garnets, tourmaline, etc.

Suitable cuts

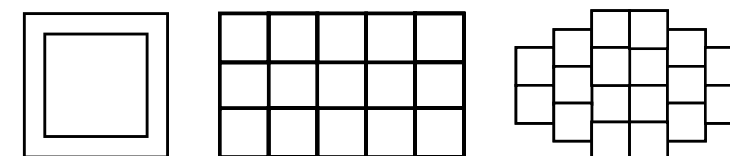
Square or princess cut is without doubt the most widely used and suitable for invisible setting, although rectangular, triangle and hexagonal shapes may also be used.

For the choice of cut it is important that when a group of stones are placed side by side there are no empty spaces between them, in such a way that the metal below the stones is not visible.

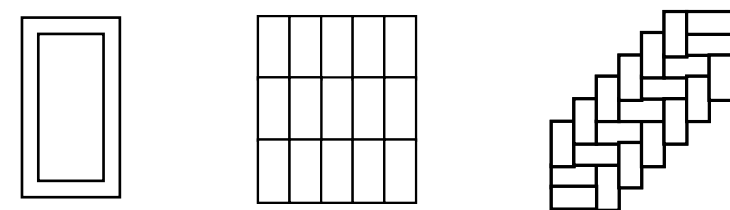
- this system can be carried out with standard casting equipment and would need only a few special tools and pieces of equipment, which are not expensive.
- Princess Cut diamonds, rubies, sapphires, cubic zirconia and synthetic stones can be used for this system and it is possible to cast in red, white or yellow gold and even silver.

Some examples:

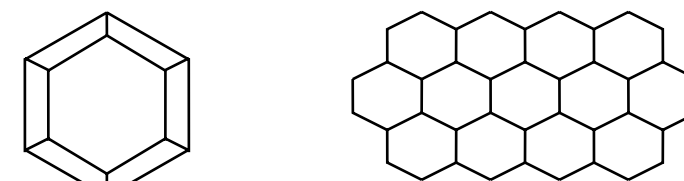
1) Square



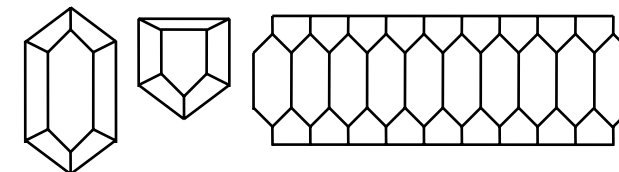
2) Baguette



3) Hexagonal



4) Hexagonal + Pentagon



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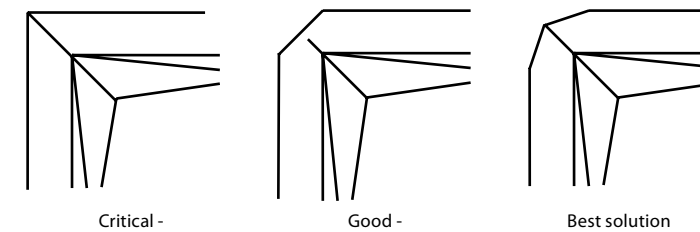
Photographing has become easier.

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Preparation of the stones

1. To make stones more resistant to breakage caused by pressure of the metal, acute angles must be dealt with in the various ways indicated below.

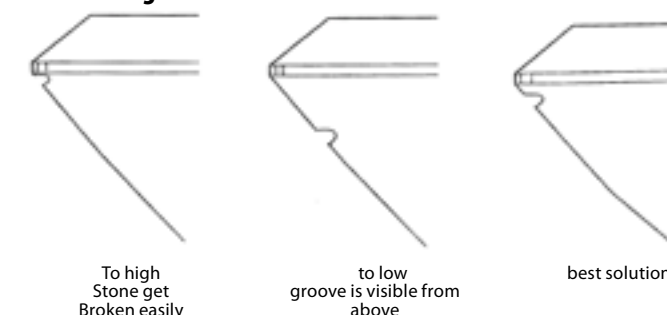


2. To be able to set stones invisibly, a small groove must be effected under the girth of the stone. This cut requires noteworthy experience and the use of a special machine such as the one below.

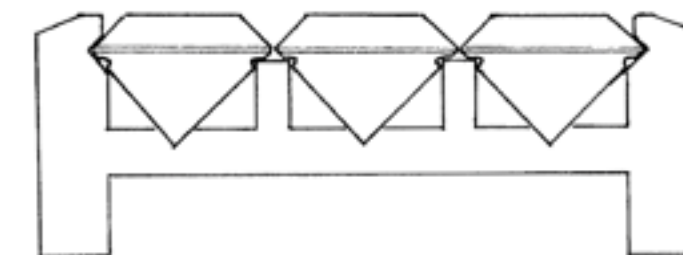


Stone grooving machine for diamonds and coloured stones in a wide range of shapes, such as princess, baguette, hexagon and others. Presented by Gesswein USA.

These are the various systems and criteria for cutting a groove under the girth of the stone:



Cross section of a support net with stones



Preparing a suitable prototype

There are different methods for preparing the model.

1) Modelling in wax:

To create the wax master model by hand with simple bench equipment, requires a high degree of dexterity and precision,

2) Direct modelling in metal:

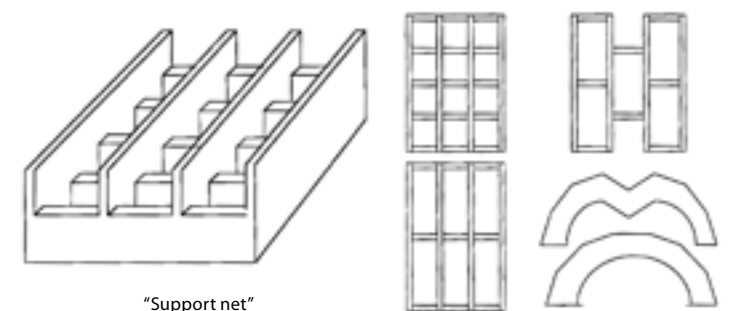
This method is above all suitable for models with extremely geometrical shapes. A lathe or milling machine can be used to help. The support net for stones can be made with the aid of a milling machine or directly with plate and wire.

3) Rapid prototyping

Due to their high degree of precision, these are without doubt the most suitable systems; unfortunately some of them have high investment costs.

- 3, 4 or 5 axe cnc milling machine for wax or metal working
- Wax or resin deposition system
- Stereolithographic systems
- Plastic or metal sintering systems

The most delicate part of the model is the support net for the stones, which must be created with specific criteria illustrated in the drawings below.



"Support net"

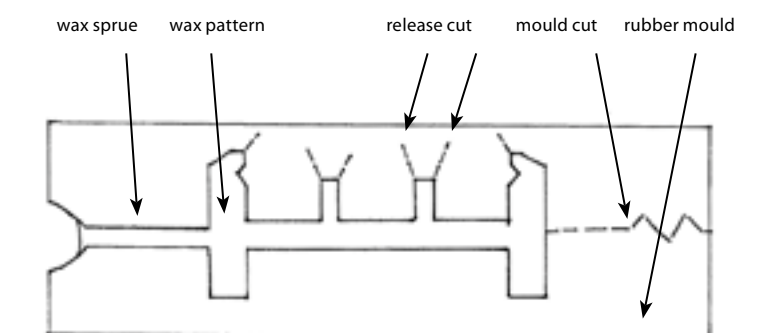
The rubber mould

If silicone rubber or caoutchouc is used for hot vulcanisation, all of the model's dimensions must be made about 5% larger to compensate for shrinkage of the rubber.

This is not necessary when using rubbers for cold vulcanisation type RTV silicone,

To obtain perfect waxes with very sharp edges, it's imperative to make release cuts in the rubber along the corners and edges of the support net.

Cross section of the rubber mould



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Injection waxes

It is advisable to use elastic or flexible waxes, coloured blue if possible, such as “Plast-O-Wax”, “Flexiplast”, “Magnaject” or similar.

Each wax must be checked thoroughly and repaired and cleaned if necessary.

“Setting” the stones in wax

A special tool, such as “Vacuum tweezers” should be used to position “set” the stones in the wax rapidly without damaging or scratching the wax pattern.

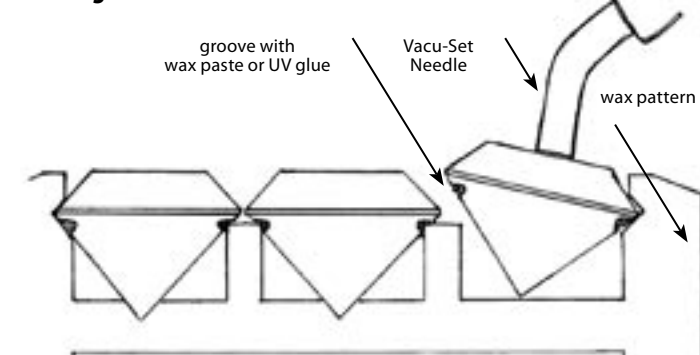


Before positioning the stones in the wax, “grooves” must be filled with UV Glue or pasty wax,

For stones with not perfect and irregular cut, it's more convenient to use the wax solder pen and “heat” the stones in position. In this way, wax in touch with the stone get melted and the groove get filled with wax, which holds the stone in position.

When setting delicate stones such as cubic zirconia, garnets, tourmaline, etc., it is imperative to leave an extremely small space between the stones to prevent these from breaking after the metal is cast. Diamonds, rubies and sapphires are less delicate and can be placed closer together. The space between stones must only be visible with a magnifying glass and not to the naked eye (about 0.05 mm).

Setting stones in the wax



Embedding

When casting with diamonds it is imperative to use a liquid additive such as “Pro-Tech:D-S or to coat the tree with a special investment such as Solitaire from R&R, Stone cast from SRS, Gold star Gem Set from Hoben Int., Diamante from Kerr etc.

It is important to comply strictly with the manufacturer's mixing instructions.

It is not essential to use additives or special investments for stones such as rubies, sapphires, garnets, tourmaline, etc., although this improves the quality of the casting.

It is advisable to not use these special products, which contain boric acid with cubic zirconia stones, as they impair their shine.

De-waxing

It is advisable to use steam de-waxing before placing the flasks in the burnout oven.

Burnout cycle

- For diamonds only

<i>max. burnout temp.</i>	<i>630°C</i>	<i>time 6 h</i>
<i>final temperature</i>	<i>520°C—580°C</i>	
- For sensible stones such as garnets, tourmaline etc.

<i>max. burnout temp.</i>	<i>680°C</i>	<i>time 5 h</i>
<i>final temperature</i>	<i>550°C—600°C</i>	
- For cubic zirconia, rubies, sapphires, and synthetic stones

<i>max. burnout temp.</i>	<i>730°C</i>	<i>time 4 h</i>
<i>final temperature</i>	<i>550°C—630°C</i>	

Suitable alloys and casting

Alloys containing de-oxidising agents and with low shrinkage rates are the most suitable.

Stone casting with invisible setting can be implemented with silver, yellow-, pink- and white gold in all karats.

Melting and casting method

Melting can be effected with the centrifuge system or with suction/pressure. If melting with palladium white gold it is advisable to use a centrifuge with vacuum and to accurately measure the temperature of the metal. A good melting plant will give a better and, above all, a more constant product quality.

Flask cooling time:

After melting, flasks must be allowed to cool gradually to prevent thermal shock, which could ruin the stones.

- Only diamonds *20 minutes*
- All other stones *60—120 minutes*
- Rapid cooling system:
for red gold and cubic zirconia's: *10—15 min. + 5 minutes*

Finishing of cast pieces

Cast pieces may be finished with traditional methods by hand or with automated systems, as long as the compounds and added products are suitable for the hardness of the stones. Ceramic medias can be used only with diamonds.

Conclusion:

Professional education and training is required to reach an immediate and high quality result.

Practising time of about one month for wax setter is required.

Continue experimentation will help to find better or new setting solution.

Good equipment and proper materials is a guaranty for constant quality results.

Trendy design is required for an easier marketing of the final product.

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