

## In 2014, Russia was world's No. 1 diamond producer

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Source: National Jeweler

New York--In recent years, executives at Russia's major diamond mining company, Alrosa, have made no secret of the fact that they are looking to become the world's No. 1 producer, overtaking rival De Beers.

According to rough diamond production, import and export figures for 2014 recently released by the Kimberley Process (KP), that time is nearing.

The Russian Federation mined 38.3 million carats of diamonds worth \$3.73 billion in 2014, compared with Botswana, which mined 24.7 million carats worth \$3.65 billion.

While Russia's larger quantity of goods ultimately added up to a higher value, Botswana still mined more valuable stones on average. According to the KP statistics, the value per carat of Russia's diamonds was \$97.47 while Botswana's came in at \$147.87.

As industry analyst Edahn Golan noted in a blog post published last week, part of the reason for Russia's rise to the top is related to the differences between the companies behind the countries' diamond production, Alrosa and DeBeers, which mines nearly all of Botswana's diamonds.

Alrosa, Golan explained, is backed by Gokhran, the government-run precious metals and gems repository. It can keep mining diamonds and selling them to Gokhran even when global demand slows down.

De Beers, on the other hand, is owned by Anglo American, a publicly traded mining company. Beholden to shareholders, De Beers reduces production to cut costs when its clients aren't buying as much rough.

Together, Russia and Botswana account for approximately half of world diamond supply, in both volume and value terms.

According to the KP's statistics, the world's third-largest diamond producer in volume terms is the Democratic Republic of Congo, though that the value of that nation's diamonds lags far behind the world's fourth-largest producer, Canada.

In 2014, the DRC mined 15.7 million carats of goods valued at \$136.5 million. The average value per carat was \$8.72.

Canada, meanwhile, produced 12 million carats of diamonds worth \$2 billion. The average value per carat was much higher at \$166.78.

The world's fifth-largest producer in volume terms was Australia, which mined 9.3 million carats of diamonds worth \$304.3 million. The average value per carat there was \$32.76.

Other countries that contributed significantly to the world's diamond supply in 2014 were Angola (8.8 million carats worth \$1.32 billion, average value per carat of \$149.86) and South Africa (7.4 million carats worth \$1.22 billion, average value per carat of \$164.76), the KP's statistics show.