

Alrosa Halts Sales as Diamond Glut Persists



Alrosa has canceled its next two sales and urged caution from buyers and suppliers amid a steep downturn in the diamond market.

The [Russian miner](#) informed India's Gem & Jewellery Export Promotion Council (GJEPC) of the decision in the past few days, citing low demand. The move follows the GJEPC's recent [call](#) for rough producers to act responsibly.

"Alrosa has decided to temporarily halt the allocation of rough diamonds in September and October 2023," the company said in a note to the GJEPC, seen by *Rapaport News*. "We believe that this approach is going to have a stabilizing impact by strengthening the market's supply-and-demand balance. This will aid the prevention of overstocking, especially with manufacturers closed for Diwali."

Alrosa has continued to sell despite being under US sanctions since the Ukraine war began in February. The company's revenue was [broadly stable](#) year on year at RUB 188.16 billion (\$1.9 billion) in the first half of 2023.

[Most of the rough](#) goes to India, market insiders believe. That country's diamond trade has suffered a serious crisis because of weak US and Chinese demand and competition from lab-grown stones. Inventories have piled up as the sales slump has outpaced manufacturers' production cuts, leading to [falling prices](#).

The GJEPC wrote to diamond miners earlier this month, asking them to be "responsible" when selling to prevent a worsening of the situation. In response, Alrosa said it "expresses equal concern and strives to reverse the existing trend of diminishing demand."

The Russian company said it would welcome a similar position from other industry players, such as miners, cutters and retailers, "on the matter of rough-diamond purchases and sales" as a "reciprocal effort."

The benefits of the miner's decision should be visible in the market by the beginning of next year, it said in a separate statement Wednesday.

"Alrosa has always followed the practice of supporting market stability and leveling its volatility," a spokesperson for the miner said. "Our solid and high-quality asset base and stable financial position allow us [to implement] such measures."

By contrast, De Beers will continue to hold sights but take a "responsible approach" to sales, "just as we have previously when faced with challenging industry conditions," a spokesperson for the Anglo American unit said. The company, which is holding its September sight this week, has already [allowed](#) customers to defer up to half of rough purchases for the rest of 2023.

“We will focus on additional supply flexibility as necessary to meet sightholders’ evolving requirements,” the De Beers spokesperson added.

The news comes amid growing expectations for a Group of Seven (G7) ban on Russian diamonds, with an announcement likely in two to three weeks, Reuters [reported](#) last Friday, citing Belgian officials. The World Diamond Council (WDC) is also facilitating a [proposal](#) for keeping Russian and non-Russian diamonds separate.

Image: Rough diamonds. (Alrosa)