Stopping the international trade in conflict diamonds has become nearly impossible under the current Kimberley Process framework as new smuggling routes through India expose its structural weaknesses. Thankfully, a simple and cost-effective solution is at hand: Mandating mine-to-market tracing for all newly mined diamonds.
almost exclusively concerns diamond exports. As the KP’s broad mandate parcel out stones one miniature folded white open-air Mahidapura diamond trading market to African mules – middlemen based in Surat’s after sneaking into the country – by commercial merchant and rendered untraceable after polishing, up to 25% of the world’s diamonds sold in showrooms today could be conflict stones, and nobody can tell which is which.

With no formal education but having ready access to cash, Ramesh typifies today’s Indian youth, chasing the American Dream ideal and hustling the gray market to do it. Still, polishing rough diamonds remains a labor-intensive process. Small stones of about a half-carat (an average engagement diamond) take a polisher about four hours to process, depending on the cut’s complexity. Grinding in small groups around a spinning electrified wheel, most workers earn about $5 per day, or $1 for each stone that retails for about $1,000. For Ramesh, his motorcycle came first, but now he’s saving to afford a wife and farmland for when his eyes are too shot from squinting 14 hours a day at the endless procession of shiny carbon bits.

Ramesh deals exclusively in smuggled diamonds sourced from conflict hotspots throughout Africa and routed through brokers in the Democratic Republic of Congo. Ramesh and his competitors know about conflict stones (everyone here has seen Blood Diamond), but the DRC sounds just as faraway and foreign to them as it does to us. While Ramesh has heard stories about his merchandise funding wars, he’s got “no idea where the stones came from or where they’re going, and we don’t really care.” With India hosting several ongoing armed conflicts and a third of the country still living on less than a dollar a day, it’s hard to fault Ramesh for not taking a more principled stand on ethical sourcing. Once they finish up a batch, Ramesh rings a courier to pick them up, upon which a post-it note is exchanged giving credit for future purchases. Police and tax authorities never come knocking: in fact, the Gujarat state government made it even easier for Surat’s black market to operate in 2007 when it eliminated all duties on diamond imports and exports, subsequently eliminating the tax reporting required to legally run a diamond import, export, or polishing business.

With India now the world’s 3rd biggest diamond consumer, it’s easy for dealers to swap out legit merchandise for conflict stones and simply re-use different KP materials for export. “We need Kimberley Process documentation if we want to legally import diamonds ourselves,” Ramesh said. “Once we get them here, we just throw the certificate away — we don’t need it anymore.” Surat’s trash bins are littered with re-usable KP certificates — an enterprising smuggler need only dig them out to get all the certification needed to export contraband to Europe or the USA.

Frustration over KP’s inability to face these new challenges led Global Witness, an original framer of the Kimberley Process, to withdraw in 2012. Campaign leader Mike Davis explained: “we didn’t have faith in (KP’s) capacity to meet the promise that it effectively made at its outset to clean up the diamond trade and break the links with conflict and human rights abuses.” Political agendas trump enforcement goals, and Davis says that NGOs like Global Witness “have been abused by governments to give themselves credibility” on policing the diamond trade. Thankfully, the fix is simple: mandating mine-to-market tracing of all newly mined diamonds will eliminate regulatory and political loopholes, close grey market temptations, and shift the burden of proof to the industry itself. This solution was a core component of early KP negotiations 15 years ago, but was abandoned in favor of consensus-based sanctions to classify certain exports as ‘conflict-generating’. While KP did pressure some regimes and rebels, it required choosing sides in favor of the local government (which could be using diamonds in a more blood-thirsty manner than rebels), ignoring diamond-fueled human rights abuses falling outside the KP’s thin mandate, and gave participating governments de facto veto power as massive
amounts of conflict stones slipped through.

This imperfect system was the best solution possible, argued the industry, because the technology wasn’t available to trace individual diamonds and the price was too daunting. Luckily, the technology has now caught up and is already in use in pilot programs. It’s also cost-effective, adding less than 5% to the wholesale price of a diamond. Brands like ForeverMark and CanadaMark already uniquely identify all stones, allowing customers and governments to see the exact field where every diamond is sourced, tagged, and traced. Firms including Tiffany already see it as a value added, giving customers access to sourcing information to encourage more ethical operation across the production chain.

This framework is simple to implement for companies wishing to ensure legitimate trade, allowing everyone to more responsively link current events to mined diamonds. Buyers need not wait for opaqueley formulated bans on certain producers to guide them, but instead can directly tap into advocacy and information streams. For businesses, leaving decisions in the hands of the market will serve to increase transparency and customer confidence, reviving interest in a stagnant industry. Perhaps most important, tracing can be integrated without scapegoating middlemen like Ramesh or attacking a ‘weak link’ in the current KP framework that would simply assign blame to India and move polishing centers to other parts of the world with even less oversight capability.

For governments with large diamond import markets like the USA, India or China, mandating mine-to-market tracing is an essential first step, as also argued by Global Witness and other conflict minerals watchdogs. Adding a diamond tracing clearinghouse to the KP will show to the public how concerned governments are responding to new human rights challenges without directly attacking a $50 billion industry or undermining progress to date, discourage smuggling networks that are more profitable for rebel groups than legitimate trade, and allow for more policymaker flexibility than the current binary classification of some exports as ‘conflict minerals’ and others as clean.

We deserve to know where our diamonds are really coming from, and three integrated pillars can ensure success: consumer demand, willingness of retailers to exclusively stock (and market) traced stones, and mandates by governments to require any imports to be fully mine-to-market traceable. As Davis clarifies, “consumers or retailers in North America or Europe could bring about a substantial change” in short order if they demanded greater transparency in the global diamond supply chain.

Restoring accountability to the global diamond trade is simple to activate and cost-effective to implement. All that remains is the political will to mandate it. Until then, the little packets of smuggled stones will keep sliding their way back and forth across Ramesh’s desk six days a week. Smugglers and conflict racketeers are counting on it, preying upon system weaknesses and praying that it remains business as usual. As Davis warns: “Diamond companies would be wise to get with the times… and raise their game quite quickly” before their products are permanently etched not with unique ID, but violence and exploitation.