



SPECIAL REPORT DIAMONDS



Government policy and the diamond industry, and the testing of Murphy's Law

By Udi Sheintal, President
CIBJO Diamonds Commission

Edward Aloysius Murphy Jr. was an engineer working for the U.S. Air Force, who in the late 1940s, during the testing of early rocket systems, is known to have observed that “if there’s more than one possible outcome of a job or task, and one of those outcomes will result in

disaster or an undesirable consequence, then somebody will do it that way.” It was later abbreviated to the now famous truism “if anything that can go wrong, it will go wrong.”

Over the years, the ubiquitous Murphy’s law was expanded upon to include “nothing is as easy as it looks,” and “everything takes longer than you think.” These were all axioms that we in the diamond industry thought of



Udi Sheintal, President of the CIBJO Diamond Commission.

after the governments of G7 countries decided in February 2022 to ban the import of diamonds, diamond jewellery and synthetic diamonds from Russia, as a response to that country's invasion of neighbouring Ukraine.

At the outset, I would stress that my following comments are not meant to justify, nor criticize the imposition of sanctions. CIBJO is not a political body, and as matter of principle insists that members of the industry diligently observe the laws of the land in the countries where they live and operate. Where sanctions have been applied, they should be implemented.

But that does not mean that we are ambivalent to the all the consequences of sanctions, and particularly those that were apparently unintended. For many in our industry, and more specifically artisanal miners and small and medium-sized companies, restrictive rules tend not to be pinpointed – meaning that not only the targeted parties get caught in the line of fire. This brings us to the question of Murphy's Law.

A kneejerk reaction by politicians

The decision to impose sanctions against diamonds and diamond jewellery from Russia was in many respects a classic example of a kneejerk response by politicians, who act or at the very least state their intention to act, without fully thinking through the process, or even properly understanding the situation on the ground.

The intent by the G7 to impose sanctions was announced soon after a veto by Russia in the UN Security Council that had called for worldwide sections. To what degree was it a well thought-out act? I will withhold judgement, but will point out that none of the key players in the diamond industry were invited ahead of time to take part in the decision-making process. Furthermore, the sanctions were imposed unilaterally and almost certainly contravened the rules of the World Trade Organisation, to which all G7 countries are signatories, and which are supposed to prevent unilateral restrictions on the free movement of goods and services between the countries. One of the existing rules of origin of the WTO states that a rough diamond mined in Russia that is polished in a third country, having gone a substantial transformation into a new and different product, and thus qualifies for a different HS customs code, will be recognized as a polished diamond from that third country.

The G7 experts tried to get around these rules and still subject rough diamond of Russian origin, which had been polished outside of Russia, to the sanctions, by asking the shipper/buyer to certify: "these diamonds were not mined, extracted, produced, or manufactured wholly or in part in the Russian Federation, notwithstanding whether such



Jean-Pierre Chalain, Vice President of the CIBJO Diamond Commission.



diamonds have been substantially transformed into other products outside of the Russian Federation. This could be considered another clear example of another Murphy's Law variation, which states that "in a democratic country, when parliament is in session, no citizen is secured in his freedom and neither in his wealth."

Only after publishing the political decision of the heads of state of the G7 countries, it was decided to establish a professional committee of experts on the subject. But it included only government officials from the G7, who were charged with examining how the sanctions could be implemented. Still, it was only this committee that eventually began consulting with various professional diamond organizations, as well as representatives of producing countries from Africa that are not members of the G7 forum.

A clear indication that the Murphy's Law variation "everything takes longer than you think" is indeed accurate could be evidenced from the fact that, while the sanctions on the trade in diamonds from Russia was meant to begin in all the G7 countries in March 2022, it did not happen before January 1, 2024. This is because, until the later date, the import of diamonds from Russia into the European Union continued as usual. The European Council, after consulting with professionals in Belgium and also reportedly under pressure from that country's government, had earlier agreed not to apply the sanctions until such time that a rough diamond inspection centre could be established in Antwerp.

And then things became even more complicated. The Belgians proposed that, once they had set up their inspection centre, or "node" as it came to be called, all the diamonds intended for trade in the G7 countries should be diverted

from the place where they were mined, so that they can be identified as goods of non-Russian origin. After testing, identifying and documenting the diamonds, they would be recorded on a dedicated central computer system, so that they can be tracked. Only then would they be returned to their original owners with G7 certificates of origin. This entire process, the Belgians explained, would be managed using technologies that had not yet been fully developed or tested, and after a massive recruitment of additional diamond appraisers.

Other systems of implementing a sanctions system were also proposed, including one that required individual companies to implement strict due-diligence practices that was put forward by a large group of industry associations, which included CIBJO and was coordinated by the World Diamond Council. But the Belgian government's single node system was one that got the green light from the G7.

Reaction and counter-reaction

Needless to say that the G7 decision was not greeted with popular applause. Among the loudest detractors were the governments of diamond-producing countries in Africa, who were indignant about having to accepting a dictate from the G7 that supersedes their right to inspect, identify and document their own rough diamonds, instead having to send them to Antwerp. There were also protests from diamond dealers in the United States and United Kingdom, both G7 countries, who were unhappy about the additional costs that would be imposed on them due to Antwerp becoming a single world centre for diamond documentation.

Overwhelmed by the negative response, and after finally consulting with the representatives of the diamond industry

in the various countries, the G7 committee of experts agreed to rework parts of its plan. Today, although the ban on the import of diamonds from Russia officially remains in effect, many of the proposed restrictions have been cancelled or “deferred.”

The proposal to recognize Antwerp as the single entry point into the G7 markets was postponed, without setting a date for its eventual implementation. Furthermore, it was accepted that, in accordance with the existing rules of origin of the World Trade Organisation, a diamond mined in Russia that is polished in a third country can be recognized as a polished diamond from that third country. And, in the meantime, the ban on the import of Russian synthetic diamonds currently applies only in the EU.

There also has been reference made to the grandfathering of goods, meaning the acceptance of diamonds of any origin that entered the market before a certain date. Each of the G7 countries have published different requirements to allow the import of diamonds over 1 carat, if they were purchased before March 1, 2024, and over 0.5 carats if they were purchased before September 1, 2024. The EU, for example, demands that the importer provides documentation to verify the date of purchase, while the U.S. authorities make do with a declaration by the importer.

A sense of equilibrium may be returning, but only after more than two years of confusion, anxiety and market disruption. Much of it could have been avoided if the countries that decided on the restrictions had opened lines of communication to us, and learned what we knew already. We accept that it is not our mandate to decide government policy, but we are ones that need to implement those policies.

Some may argue that Murphy’s Laws can never be avoided. Maybe not, but through proper dialogue their consequences could have been mitigated.

ISO standard for batches of small diamonds approved

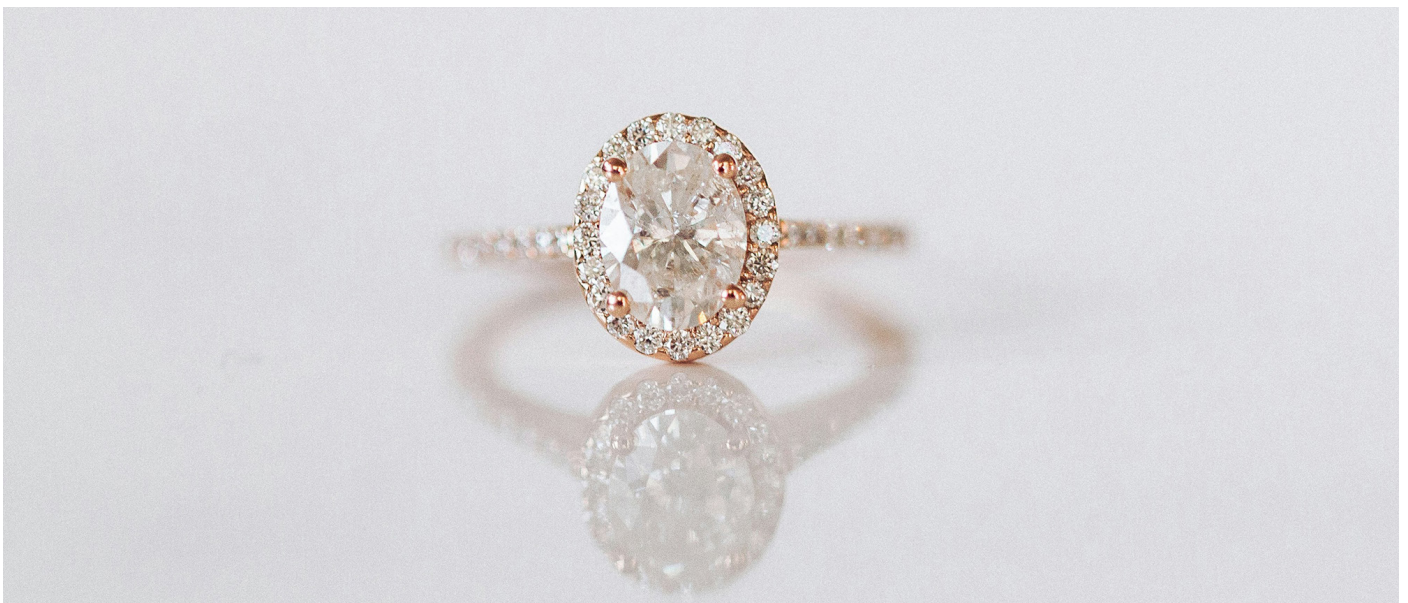
*For the past seven years, the CIBJO Diamond Commission’s Vice President, **Jean-Pierre Chalain**, served as the Convenor of Working Group 2 of ISO/TC 174 of the International Organisation for Standardisation, and over that period helped oversee the development and approval of two of the now three international standards relating to diamonds. For the first of the three, dating back to 2015, the same role was filled by the late Harry Levy, also a Diamond Commission Vice President.*

While serving ISO and CIBJO, Jean-Pierre’s day job was Deputy Director and Director of the Diamond Department at the Swiss Gemmological Institute SSEF in Basel, positions from which he retired in April of this year. However, he continues to work there on a part time basis as R&D Manager at SSEF Instruments and an advisor to the Diamond Department. He also resigned as Convenor of ISO/TC 174’s Working Group 2, but remains on as a participating member.

Thankfully, Jean-Pierre is still with us at CIBJO as Vice President of the Diamond Commission.

For the 2024 Diamond Commission Special Report, I asked him to summarize his final and successful year as an ISO working group convenor.

At the initiative of CIBJO, Working Group 2 of ISO/TC 174 was formed in 2017 for harmonising terminology, classification and testing methods that are used for describing the quality of colourless diamonds.





It is important to note that the diamond industry has historically differentiated between the way that the quality of a single diamond larger than 0.25 carats is addressed and the way that the quality of batches of diamonds with single weights smaller than 0.25 carats should be addressed, controlled and described. In the case of the latter, sometimes more than 10,000 units are included in a single batch.

Under the aegis of ISO/TC 174/WG2, the standard ISO 24016 – *Grading Polished Diamonds* was published in 2020, relating to stones larger than 0.25 carats. It is now a normative reference of the CIBJO Diamond Book.

The standard ISO 24016 also formed the basis for our formulation an ISO standard for the inspection of batches of diamonds smaller than 0.25 carats, which became standard ISO 6893 – *Inspection of batches of small diamonds*.

Together with the standard ISO 18383 – *Consumer Confidence in the Diamond Industry*, relating mainly to the identification and description of diamonds, standard ISO 24016 and standard ISO 6893 provide a comprehensive overview for the identification and grading of all natural diamonds used by the jewellery and watch industries.

After the 2023 CIBJO Congress in Japur, the ISO/TC 174 WG2 met another two times to enable the completion of a draft of standard ISO 6893. The tenth meeting that we held up until that date was held virtually in the middle of December 2023.

We wrapped up our work in Vicenza, Italy, in April 2024. There, two major announcements were made. First, was at the request of WG2 experts, and it noted that since March 2024 a second version of the standard ISO 2024 had available, correcting a few minor typos which were present in the original document. It now placed the standard perfectly in line with the terminology of the CIBJO Diamond Book.

The second announcement was that, thanks to the hard work invested by all experts during the two previous WG2 meetings, standard ISO 6893 – *Inspection of batches of small diamonds* had been published a few days ahead of the Vicenza meeting.

Still in Vicenza, I (Jean-Pierre Chalain) thanked all the experts of the WG2 who contributed to the harmonization of the diamond grading and of the inspection of small diamonds batches, a goal which first had been set in 2017.

I also warmly thanked the Federation of the Swiss Watch Industry – FH for its financial support and CIBJO for its confidence. I then told my colleagues that, with the third and final ISO diamond standard published, I would be resigning my position of convenor of ISO/TC 174/WG2.

Accuracy in advertising and marketing

One of CIBJO's primary briefs is to develop unambiguous terminology that describes the products we sell in such a way that the consumer understands exactly what is being offered, and therefore is able to make a well-formed purchasing decision. This type of transparency is an essential component in the effort to maintain consumer confidence.

In recent years, with the growing availability of laboratory-grown diamonds in the marketplace, we have worked to develop standard practices and nomenclature that enable the newer product to be clearly differentiated from natural diamonds. In general, we believe that consumers are better informed about the separate identities of natural and laboratory-grown stones, but we know that there are instances of individuals, companies and traders who muddy the waters, intentionally or unintentionally conflating the one product with the other.

*I invited **Raluca Anghel**, Head of External Affairs and Industry Relations at the Natural Diamond Council, to discuss the work that NDC has been doing to counter misleading advertising and marketing.*

The Natural Diamond Council (NDC) is committed to maintaining trust by protecting consumers against misleading marketing, which damages confidence. Fair and transparent communication is always in the best interest of the natural diamond industry.

Most jurisdictions around the world have laws and guidelines that support full and proper disclosure, in addition to the international industry guidelines created by the World Jewellery Confederation (CIBJO). NDC works together with other not-for-profit industry organisations to achieve similar ends. And where there are particularly egregious incidents of companies misleading consumers, NDC files complaints with the relevant independent consumer-protection agencies.

An example was a complaint filed by NDC to the Advertising Standards Authority (ASA) in the United Kingdom, highlighting terminology being used by several retailers of laboratory-grown diamonds, which we contended was misleading. I am happy to report there were positive results.

ASA upheld our complaint against Skydiamond, for the misleading marketing and advertisement of laboratory-grown diamonds. The ruling stated that Skydiamond cannot use the terms "diamonds," "diamonds made entirely from the sky" and "Skydiamond" to describe their laboratory-created stones, without a clear and prominent qualifier that specifies that they were laboratory-grown or synthetic.



Raluca Anghel, Head of External Affairs and Industry Relations at the Natural Diamond Council.

ASA also ordered Skydiamond not to use the term "real diamonds" to describe synthetic diamonds. [See the ASA ruling here.](#)

The ASA also investigated advertisements by retailer Lark & Berry which it considered likely to be in breach of its code. ASA then approached the company about the issues raised in the ads and the company agreed to amend them. The issues raised include use of the terms "cultured diamond" and "diamond" without an appropriate qualifier when referring to their synthetic goods. The company agreed to reissue their advertisements so that they now include qualifiers such as "synthetic," "laboratory-grown," or "laboratory-created." The ruling was published as informally resolved on ASA's website.

Similarly, ASA investigated advertisements by a company called Idyl which it considered in likely breach of its code. The organization approached the firm about the issues raised in its ads targeting UK consumers, and Idyl agreed to amend them. These included "diamonds," "diamond sparkle," "fine diamond jewellery," "sustainable diamonds" or "Diamonds of the Future" to describe their synthetic stones, without a clear and prominent qualifier such as "synthetic," "laboratory-grown" or "laboratory-created", or another term which would be understood by consumers as having the same meaning. The ruling has also been published as informally resolved on ASA's website.

In 2020, the National Association of Jewellers (NAJ) in the United Kingdom elevated the Diamond Terminology Guideline to the status of Primary Authority Advice, which is assured and recognised by Trading Standards in the UK market. The Diamond Terminology Guideline is built on the standard ISO 18383 – *Consumer Confidence in the Diamond Industry* and, of course, the CIBJO Diamond Blue Book.

In 2023 in the United States, the National Advertising Division (NAD) of BBB National Programs recommended that Agape Diamonds, LLC, modify its advertising by clearly and consciously disclosing the origin of its simulated diamonds and laboratory-grown diamonds (LGDs). The Natural Diamond Council had argued that Agape’s marketing, including its presentation of its products for sale on its website, violates the Federal Trade Commissions (FTC) Jewelry Guides, because it does not clearly and conspicuously disclose the origin of the stones.

NAD recommended that all Agape advertising include the appropriate descriptor (such as, “simulated” or “laboratory-grown”) immediately preceding the word “diamond” or “stone” with equal conspicuousness so as to clearly disclose the nature and origin of the product, and the fact that it is not a mined gemstone. This is consistent with the FTC Jewelry Guides, including in advertising where images of items are used with or without any descriptive text.

Implementing appropriate disclosure according to guidelines and national legislation is vital for the long-term growth of the industry.

Terminology used to responsibly describe supply chains

As diamond and diamond jewellery companies increasingly report on the exact origin and provenance of the products they sell, so as to underline the ethical integrity of their supply chains, it has become ever more important that the terminology used in preparing such reports be universally understood to mean the same thing.

*In 2023, CIBJO established the Jewellery Industry Supply Chain Nomenclature Committee, charging it with developing a lexicon that clearly defines the terms and words commonly used to describe responsible supply chains. I have invited **Purvi Shah**, Head of Ethical and Sustainable Value Chains at the De Beers Group, who together with the CIBJO President chairs the committee’s operation, to provide some background on the work being done.*

The CIBJO Jewellery Industry Supply Chain Nomenclature Committee is spearheading efforts to standardise terminology



Purvi Shah, Head of Ethical and Sustainable Value Chains at the De Beers Group, who co-chairs the CIBJO Responsible Supply Chain Nomenclature Committee.

within the global jewellery industry, with a particular focus on responsible sourcing, sustainability, and related credentials. As the sector evolves, the importance of clear and consistent language has become increasingly critical.

The committee’s mandate is to create universally accepted nomenclature that aligns with industry standards and regulatory requirements, while also establishing guidelines for businesses on the responsible use of these terms, thereby fostering transparency and consumer trust.

Under the stewardship of the chairs, Dr Gaetano Cavalieri, President of CIBJO, and Purvi Shah, Head of Ethical and Sustainable Value Chains at De Beers Group, the Supply Chain Nomenclature Committee’s primary mandate is to develop clear, unambiguous definitions that can be universally adopted, ensuring consistency across the jewellery supply chain. This initiative is vital for promoting transparency and building consumer confidence, particularly in a market where terms like “responsibly sourced” and “sustainable” must be used with substantiation and evidence.

The committee includes a diverse array of industry players, from large corporations to leading organizations committed to responsible business practices. It is well-represented across CIBJO commissions, covering sectors such as natural

diamonds, coloured gemstones and pearls, ensuring a comprehensive and inclusive approach to nomenclature development.

Throughout 2024, the Nomenclature Committee convened seven times, making significant progress in aligning on key terms. These meetings were marked by a collaborative spirit, with the committee incorporating a wide range of industry perspectives to ensure that the developed nomenclature is both inclusive and reflective of current practices while maintaining high standards and best practice.

Key terms prioritized for drafting guidance include “responsibly sourced,” “ethical,” “sustainable material,” and “grandfathered,” among others, including crucial supply chain concepts like “Chain of Custody,” “Chain of Accountability,” and “Traceability.” These terms are essential for communicating industry values to consumers, and the committee’s work in standardizing them represents a major advancement.

The committee has begun drafting guidance for these key terms, aiming to standardize their use across the industry. This effort also seeks to ensure compliance with upcoming consumer protection regulations, such as the FTC’s Green Guide and the EU’s Green Claims Directive.

The committee plans to present its progress at the upcoming CIBJO Congress in Shanghai, which will mark a significant milestone in this ongoing work. It will serve as a key platform to showcase its achievements, underscoring a pivotal moment in the journey toward a more transparent and responsible jewellery industry.

By establishing clear, standardized terminology, the committee is not only promoting transparency and consumer trust, but also levelling the playing field for all industry participants and ensuring preparedness for current and emerging regulatory demands.



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