

## Where Are All the Russian Diamonds?



Russian diamonds are entering India, Belgium and other global trading centers. Everyone acknowledges that. But it's unclear how the goods are getting there, what the volumes are, and which banks are handling the payments.

One rumor on the market is that [Russian miner Alrosa](#), a sanctioned entity in the US, has set up a subsidiary that sells rough to manufacturers, perhaps via an intermediary. Some say Alrosa goods have been reaching Mumbai and Surat via Dubai, though this pathway seems to have ceased due to banking problems.

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By almost all reports, the flow of Russian rough into India has declined since the start of the Ukraine war in February 2022. Shipments slowed in last year's fourth quarter, though few people who spoke with Rapaport this past February were able to explain why. It appears certain banks became less willing to approve money transfers to Russia, either voluntarily or under the influence of governments.

Another factor might be the depletion of existing stockpiles of [Alrosa stones](#). The company has not published production and sales data since the war began, so it's hard to know the extent of its fresh output.

Several Mumbai-based traders told Rapaport they'd been buying Russian rough from private dealers in Antwerp, at least until recently. However, one small-scale manufacturer — who also focuses on small diamonds — found that the quality of the rough he'd been receiving had dropped, with lower clarities and more fluorescent stones appearing in parcels. This led him to believe the best stones were going to a few large manufacturers rather than to the secondary market.

He isn't alone in that belief. Widespread reports say only a select few major cutting firms have been getting access to the [bulk of direct Alrosa supply](#), creating an impression of shortages for everyone else. Indeed, the manufacturers that estimated Alrosa was still selling at prewar volumes in February were in the minority.

The bottom line is that no one knows for sure how much merchandise is coming from Russia. But it's definitely flowing. Most of the polished demand is in China and India, where consumers are less sensitive about the Ukraine war than their [North American and European counterparts](#). With the US likely to expand its sanctions, that trend looks set to continue.

<https://youtu.be/j6tklGoL7Aw>

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