

## India to Pause Rough-Diamond Imports for Two Months



The Indian diamond sector has recommended a two-month freeze on rough imports, its most drastic emergency measure since the Covid-19 crisis.

The pause will run from October 15 to December 15, five leading trade organizations said in a joint statement Tuesday. They came to the decision at a meeting of more than 100 industry representatives the same day, and said they would review the situation in the first week of December.

***To read the full letter, click [here](#).***

The move is a response to the severe downturn in polished trading amid sluggish retail sales in the US, increased competition from lab-grown diamonds, and China's economic slump.

Earlier this month, India's [Gem & Jewellery Export Promotion Council](#) (GJEPC) [wrote to diamond miners](#), asking them to be responsible about rough supply. At the time, GJEPC chairman Vipul Shah told *Rapaport News* that “further actions” might be necessary if the market didn't improve by the Jewellery & Gem World show in Hong Kong, which ended on Sunday.

Since that letter, Russia's Alrosa [canceled](#) its September and October sales and called on the trade to show caution. Meanwhile, activity was predictably slow at the Hong Kong fair's diamond hall, as attendance and purchases by Chinese buyers were minimal, exhibitors reported.

“The situation is worse [than it was], there's no clear picture [of] when the situation will improve, and there's still a backlog of stock,” a manufacturing executive commented on condition of anonymity. “This is the only way to try and reduce the inventory.”

The GJEPC has teamed up with the [Bharat Diamond Bourse](#) (BDB), the [Surat Diamond Bourse](#) (SDB), the [Mumbai Diamond Merchants' Association](#) (MDMA) and the [Surat Diamond Association](#) (SDA) for the latest directive, which they insisted was a “voluntary” ban and not an outright prohibition on imports. The delayed start will enable a short window for importers to bring goods into the country if they wish to.

## Polished oversupply

With exports down 25% from January to August, and a similar trend visible in September, polished inventories have increased and prices have declined, the organizations reported.

They put part of the blame on miners, which, they argued, regularly sell rough irrespective of the state of the midstream, believing that their customers will only buy when necessary.

“In other words, they rely on the midstream to gauge the demand for rough diamonds and are happy to respond with corresponding levels of supply,” the statement said.

The industry took similar steps in 2020, when Indian trade organizations recommended a range of [moratoriums](#) on rough imports as trading ground to a halt during pandemic-related lockdowns.

“All have agreed that this is one of the ways the market improved in [previous downturns] and that we should try it again this time,” the anonymous executive noted.

## Long-term vision

India’s rough-diamond imports dropped 3% year on year to \$1.32 billion in August, while volume slid 14% to 12 million carats, according to data from the GJEPC.

The freeze will coincide with the November 12 Diwali festival, when factories in the Indian cutting city of Surat traditionally close for two to three weeks. Industry members expect the shutdown to be longer this year.

The organizations also called for measures to help artisans during the import pause, ensuring it does not affect their livelihoods.

“We have no doubt and remain confident that we will address and improve long-term demand in this precious and rare natural resource, but at the same time, we must navigate the short term carefully,” they said.

*Update, September 26, 2023: Additional information and comment from the official statement have been added to this article.*

*Main image: Rough diamonds. (Shutterstock)*