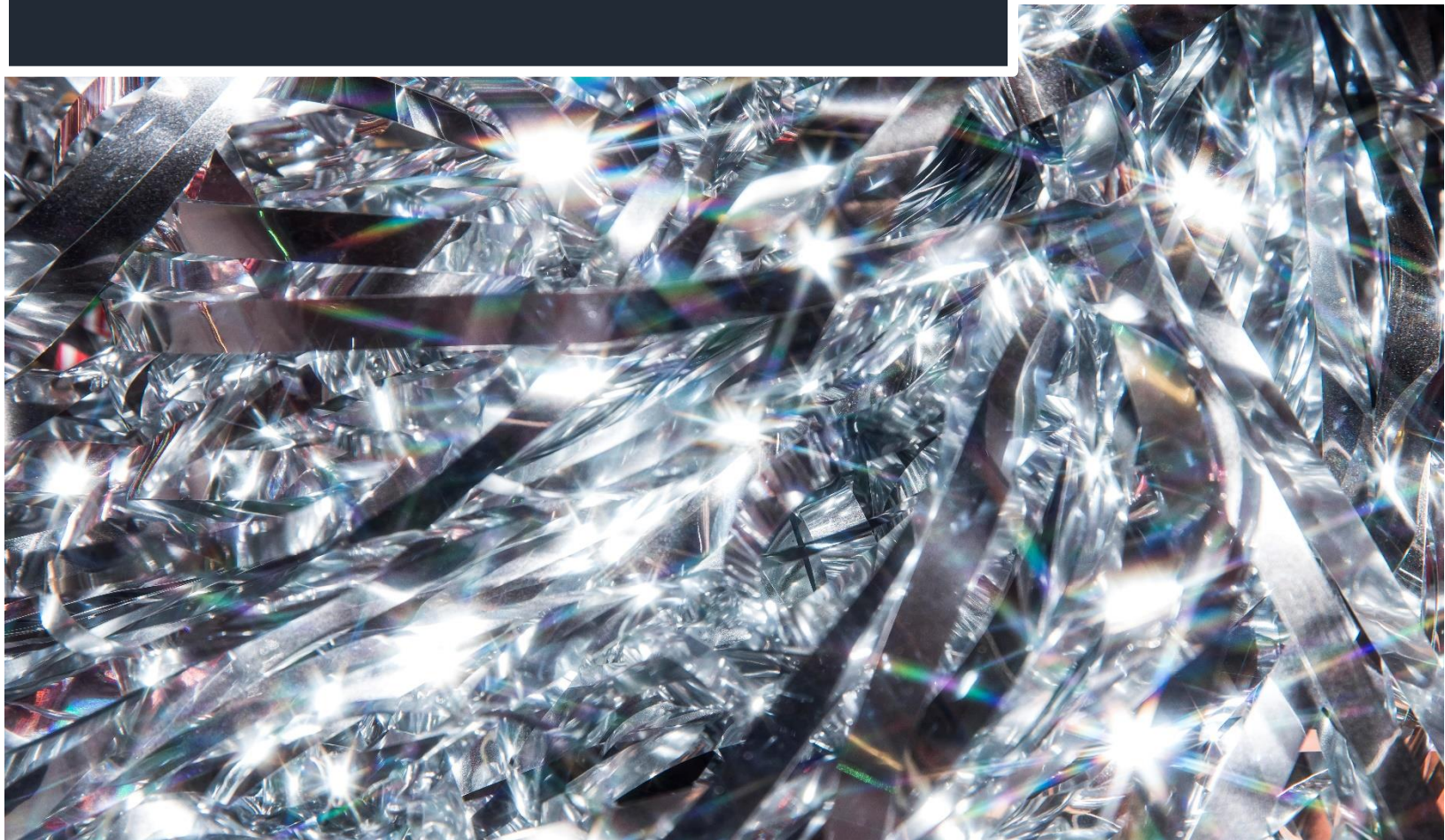


# Study Group on Illicit Trades

## *International Efforts in Curbing the Shadow of Illicit Diamond Trade*

NUP UNESCO/Jean Monnet Working Papers

16/2023



With the support of the  
Erasmus+ Programme  
of the European Union



Neapolis  
University  
Pafos

UNESCO Chair in Human  
Development, Security & the  
Fight against Transnational  
Crime and Illicit Trafficking in  
Cultural Property



The NUP UNESCO/Jean Monnet Working Paper Series can be found at:

<https://www.nup.ac.cy/unesco-chair/working-papers/>

Publications in the Series should be cited as:

AUTHOR, TITLE, NUP UNESCO/JEAN MONNET WORKING PAPER NO. x/YEAR [URL]

Copy Editor: G. Pavlidis

© NUP UNESCO Chair 2023

Neapolis University Pafos, School of Law

Pafos, 8042, Cyprus

*All rights reserved. No part of this paper may be reproduced in any form without the permission of the author.*

*Frontpage picture: Free image by Freepik*

*The support of the European Commission and of UNESCO for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors; the European Commission and UNESCO cannot be held responsible for any use which may be made of the information contained therein.*

# *Tackling Illicit Diamond Trafficking on the World Stage: From Conflict to Cooperation*

## **Abstract**

*This working paper examines the intricate problem of illicit diamond trafficking, which involves the extraction, trading, and selling of diamonds under conditions that violate international regulations, often perpetuating violence, corruption, and instability. Despite international efforts, including the Kimberley Process, there are limitations and challenges, such as cross-border coordination. The paper emphasizes the dynamic nature of illicit diamond trafficking and advocates for enhanced international cooperation, joint task forces, and measures addressing the root causes of the issue. Ultimately, the paper envisions a transformative future where diamonds cease to fuel conflict, emphasizing a global commitment to transparency, collaboration, and sustainable development.*

## **Keywords**

*Illicit trades, diamond trafficking, Kimberley Process, cross-border coordination, corruption, money laundering, sustainable development.*

## **I. Introduction**

Diamonds, celebrated as symbols of enduring love and luxury, are tarnished by the shadow of illicit diamond trafficking. The infamous term ‘blood diamonds’ encapsulates diamonds mined in conflict zones, fueling armed conflicts, and financing rebel movements (Orogun, 2023). Understanding the dynamics of illicit diamond trafficking requires an exploration of its definition, roots and effects, and how the issue has evolved over time.

Illicit diamond trafficking involves the extraction, trading, and selling of diamonds under conditions that defy international regulations, often in conflict-ridden regions. These diamonds enter the market through clandestine channels, contributing to a cycle of violence, corruption, and instability. The illicit nature of this trade undermines the principles set forth by the international community to ensure ethical and lawful diamond production.

The roots of illicit diamond trafficking trace back to the 1990s when conflict diamonds gained global attention due to their role in fueling brutal civil wars in Africa. The outcry prompted international action, leading to the establishment of the Kimberley Process Certification Scheme in 2003, which was supported by governments and NGOs (Bieri, 2016). Despite these efforts, the issue has persisted and evolved, with traffickers adapting to changing circumstances. Understanding the historical, economic, and political context is crucial for devising effective strategies to address the contemporary challenges posed by illicit diamond trafficking.

Indeed, illicit diamond trafficking poses a significant source of funds for criminal, rebel, and terrorist groups; it also poses an economic threat by channeling funds into conflict economies (Le Billon, 2008). These funds sustain armed groups, perpetuating violence, and hindering development in affected regions. The economic ramifications extend beyond conflict zones, impacting the global diamond market's integrity and economic stability.

Furthermore, the trade of blood diamonds is linked to gross human rights violations. Miners, often working in hazardous conditions, face exploitation, violence, and even loss of life. The profits from this illicit trade exacerbate social inequalities and contribute to the perpetuation of conflict, leading to a vicious cycle of suffering.

Finally, illicit diamond mining practices disregard environmental regulations, leading to deforestation, soil erosion, and pollution. The long-term environmental consequences degrade ecosystems, affecting biodiversity and the livelihoods of communities dependent on these fragile environments.

## **II. The Global Landscape of Illicit Diamond Trafficking**

Unraveling the complex web of illicit diamond trafficking involves acknowledging the involvement of state actors (Mullins and Rothe, 2008). Some governments, either complicit or unaware, may play a role in facilitating the illegal trade. State actors contribute to the perpetuation of the issue by either exploiting natural resources for personal gain or through inadequate enforcement of regulations. On the other hand,

non-state actors, particularly rebel groups and criminal organizations, play a role in the illicit diamond trade too (Smilie, 2013). These groups exploit the lack of governance in conflict zones, using diamonds as a means to finance their activities. These non-state actors may be profit-oriented or motivated by ideological or religious extremism. In any case, addressing the problem requires disrupting the networks that sustain illicit diamond trafficking.

Illicit diamond trafficking employs covert smuggling techniques that evade detection and regulation. Diamonds are often trafficked through hidden routes, taking advantage of porous borders and weak law enforcement. Therefore, it is essential to implement effective control measures, identify key transit points, and disrupt the flow of conflict diamonds.

Finally, the financial aspect of illicit diamond trafficking involves sophisticated money laundering practices. Profits from the trade are often laundered through complex financial networks, making it challenging to trace the illicit funds (Pavlidis, 2022). Combating money laundering practices associated with the diamond trade is crucial for cutting off the financial lifelines, which allow criminal and rebel organizations to maintain and expand their operations.

### **III. The Role of International Regulations and Initiatives**

The Kimberley Process, initiated in 2003, aimed to stem the flow of conflict diamonds by implementing a certification scheme (Kimberley Process Certification Scheme, hereinafter: KPCS). While the intent was noble, and the initiative was supported by the United Nations (UN General Assembly Resolution 55/56) a critical examination reveals several weaknesses (Fishman, 2004). One of the core principles of the process is diamond traceability. There are also serious shortcomings, loopholes in enforcement and the challenge of monitoring a dynamic and evolving illicit diamond trade (Hummel, 2007).

The World Diamond Council introduced a system of warranties, as an industry self-regulation system, endorsed by KPCS participants and requiring an affirmative statement on invoices confirming conflict-free diamonds. Despite its intentions, the process faces inherent limitations. Critics contend that the KPCS lacks mandatory, impartial monitoring, hindering its capacity to identify and remove all conflict diamonds. The KPCS involves self-regulation principles for members, emphasizing the importance of trading only with companies providing warranty declarations and avoiding diamonds from suspect sources. Challenges include doubts about insufficient independent monitoring and realistic feasibility of enforcement. The Kimberley Process has helped address the evolving tactics of illicit diamond traffickers, but acknowledging both effectiveness and limitations is crucial for proposing improvements.

Beyond the Kimberley Process, the role of national legislation in combating illicit diamond trafficking cannot be overstated. Many nations have enacted laws to regulate the diamond trade and prevent the entry of conflict diamonds into the market. We can mention here the US Clean Diamond Trade Act (19 U.S.C. §§ 3901-3913) and the US

Rough Diamonds Control Regulations (31 CFR Part 592). Regional collaboration through agreements and alliances, as well as collective action among neighboring countries can contribute to curtailing the illicit diamond trade.

#### **IV. Challenges and Gaps in the Current Framework**

Coordination of efforts across borders constitutes one of the foremost challenges in combating illicit diamond trafficking. The clandestine nature of the trade often involves trafficking routes that transcend national boundaries, necessitating cooperation between countries. Among the difficulties associated with cross-border coordination, we can mention information sharing, jurisdictional complexities, and the need for standardized protocols to facilitate effective collaboration.

Moreover, corruption within both governmental and non-governmental entities poses a significant impediment to the successful enforcement of regulations (Marchuk, 2009). Illicit diamond traffickers frequently exploit corrupt practices to avoid detection and prosecution. Jurisdictions must develop strategies for mitigating the risk of corruption, acknowledging the necessity of promoting transparency and accountability in diamond trade.

As technology advances, illicit diamond traffickers adapt their methods to exploit vulnerabilities in monitoring and enforcement systems. Challenges associated with combating illicit diamond trafficking include the use of advanced encryption, digital communication channels, and other technological tools that enable traffickers to operate discreetly. Addressing these challenges requires a proactive approach to anticipate and counter emerging threats. It also requires technological advancements for promoting transparency and accountability, such as blockchain diamond tracking (Cartier, Ali and Krzemnicki, 2018).

Illicit diamond traffickers are adept at evolving their methods to circumvent existing regulations. The dynamic nature of trafficking methods means that smuggling techniques, money laundering practices, and overall operational strategies evolve constantly. Therefore, governments, international organizations, and the diamond industry must devise a responsive framework capable of staying ahead of emerging trends in illicit diamond trade.

#### **V. Toward a Unified Global Response**

As already mentioned, a crucial aspect of an effective global response to illicit diamond trafficking is international cooperation (Jojarth, 2009), in particular the enhancement of information-sharing mechanisms among nations. This should include real-time intelligence exchange, collaborative databases, and transparent communication channels. The emphasis must be on overcoming barriers to information sharing, such as concerns about national security and data protection, to establish a more cohesive and proactive international network.

Establishing joint task forces involving law enforcement agencies from multiple countries is essential for a unified response to illicit diamond trafficking. There are



significant benefits in developing collaborative task forces, including streamlined coordination, pooling of resources, and the ability to conduct cross-border operations. Examining successful models and identifying challenges in implementing joint task forces will provide insights into building more effective partnerships.

Furthermore, to tackle illicit diamond trafficking comprehensively, it is important to address the root causes that contribute to its emergence. This highlights the role of economic development initiatives in diamond-producing regions. By fostering sustainable economic opportunities, local communities can be provided with alternatives to illicit diamond trade, diminishing the economic incentives that drive individuals into the illicit market.

The nexus between social and political stability and illicit diamond trafficking is profound. It is important to promote social and political stability in regions vulnerable to illicit trade. Measures such as conflict resolution, governance reforms, and community engagement can contribute to creating an environment less conducive to the exploitation of diamonds for funding conflicts (Lahiri, 2010). The aim is to build resilience within communities, reducing their susceptibility to the influence of illicit networks.

Finally, it is important to raise awareness among consumers and support ethical consumerism, as well as trustworthy labeling and certification initiatives. Studies have shown that ethically-minded behavior positively impacted willingness to pay more and ethical diamond purchasing (Schulte, Balasubramanian and Paris, 2021). Nevertheless, income levels may moderate these relationships, emphasizing the importance of considering economic factors in ethical consumerism within the diamond industry.

## **VI. Conclusion**

This paper has attempted to examine the landscape of illicit diamond trafficking and its global implications. This examination revealed both the strengths and limitations of efforts, from the Kimberley Process to national legislation. Challenges, such as cross-border coordination, corruption, and the adaptive nature of traffickers and organized criminal networks (Siegel, 2008), emphasize the need for a dynamic response. To build a unified global response, it is important to strengthen international cooperation through information-sharing mechanisms and collaborative joint task forces. Simultaneously, addressing the root causes of the problem demands a holistic approach—fostering economic development in diamond-producing regions and promoting social and political stability. An adaptive international strategy is required. It is not merely about curbing illicit diamond trafficking; it is about nurturing a global commitment to transparency and sustainable development. By combining targeted enforcement with proactive initiatives, the international community can move beyond containment to transformation—a future where diamonds cease to be conduits of conflict and instead become instruments of positive change.

## Bibliography

1. Bieri, F. (2016). *From blood diamonds to the Kimberley Process: How NGOs cleaned up the global diamond industry*. Routledge.
2. Cartier, L.E., Ali, S.H., & Krzemnicki, M.S. (2018). Blockchain, chain of custody and trace elements: an overview of tracking and traceability opportunities in the gem industry. *The Journal of Gemmology*, 36, 212-227.
3. Fishman, J. L. (2004). Is diamond smuggling forever-the kimberley process certification scheme: The first step down the long road to solving the blood diamond trade problem. *U. Miami Bus. L. Rev.*, 13, 217.
4. Hummel, J. (2007). Diamonds are a smuggler's best friend: Regulation, economics, and enforcement in the global effort to curb the trade in conflict diamonds. *The International Lawyer*, 1145-1169.
5. Jojarth, C. (2009). *Crime, war, and global trafficking: designing international cooperation*. Cambridge University Press.
6. Lahiri, S. (2010). Blood diamonds: international policy options for conflict resolution. *Indian Growth and Development Review*, 3(1), 5-20.
7. Le Billon, P. (2008). Diamond wars? Conflict diamonds and geographies of resource wars. *Annals of the Association of American Geographers*, 98(2), 345-372.
8. Marchuk, I. (2009). Confronting blood diamonds in Sierra Leone: the trial of Charles Taylor. *Yale J. Int'l Aff.*, 4, 87.
9. Mullins, C. W., & Rothe, D. L. (2008). Gold, diamonds and blood: International state-corporate crime in the Democratic Republic of the Congo. *Contemporary Justice Review*, 11(2), 81-99.
10. Orogun, P. (2003). "Blood diamonds" and Africa's armed conflicts in the post-cold war era. *World Affs.*, 166, 151.
11. Pavlidis, G. (2022). Asset recovery in the European Union: implementing a "no safe haven" strategy for illicit proceeds. *Journal of Money Laundering Control*, Vol. 25, 109-117, <https://doi.org/10.1108/JMLC-11-2020-0131>
12. Schulte, M., Balasubramanian, S., & Paris, C. M. (2021). Blood diamonds and ethical consumerism: an empirical investigation. *Sustainability*, 13(8), 4558.
13. Siegel, D. (2008). Diamonds and organized crime: the case of Antwerp. In *Organized crime: Culture, markets and policies* (pp. 85-96). New York, NY: Springer New York.
14. Smillie, I. (2013). Blood diamonds and non-state actors. *Vand. J. Transnat'l L.*, 46, 1003.