

India Introduces Eight-digit HS Code For Synthetic Rough Diamonds



India has become one of the early adopters of distinct HS Codes for both rough and polished synthetic diamonds with the finance minister Nirmala Sitharaman introducing an amendment to create a separate eight-digit code for laboratory-grown rough diamonds as part of the Finance Bill presented before Parliament on July 5th, 2019.

The new amendment bifurcates the earlier six-digit code into two categories. Henceforth, it proposes, all unworked or simply sawn or roughly shaped laboratory-created or laboratory-grown or manmade or cultured or synthetic diamonds will be covered by HS Code 7104.20.10, while all other synthetic gemstones in the same categories will come

under the separate HS Code 7104.20.90.

GJEPC chairman Pramod Agrawal said, “We welcome the separate HS Code for rough diamonds introduced by the government in Parliament. This will go a long way in strengthening the efforts of the Council to monitor the two pipelines and maintain their integrity.”

Significantly, the announcement comes during the period when India holds chairmanship of the Kimberley Process Certificate Scheme. It is clearly a reflection of the government’s commitment to play a leading role in getting the global industry to adopt and uphold transparency, disclosure and other business best practices.

For the Indian industry this amendment introduced in the Finance Bill comes as a big boost to its efforts to keep the pipelines for natural and synthetic diamonds separate. Efforts in this regard have been focused on four key areas – Regulation, Commercial, Process and Technology – to ensure that any attempt at mixing is easily detected and appropriate action taken in each case. The government’s decision will enhance the policy framework.

A few weeks earlier, speaking on behalf of the Indian diamond industry at the KP Intersessional meet in Mumbai, Sanjay Shah, convener of GJEPC’s diamond panel had said, “The Council has proposed that the government should expand the HS Codes beyond the existing ones for polished synthetic diamonds (recently implemented in India) to cover trade in rough synthetic diamonds and even synthetics studded in jewellery and other items.”

The latest move will also complement the global industry’s efforts to ensure that distinct HS Codes for synthetic rough and polished becomes a global norm. China has already put in place separate HS Codes and from January 1st 2020 the EU will be implementing a separate eight-digit CN code for synthetic diamonds at Customs. Russia, Australia and a few other countries are also likely to introduce such measures, and it is expected that the implementation of an HS Code by the World Customs Organisation is likely to take place from January 1st 2022. ■

Source: GJEPC.org