

Australia's diamond back door: Blood jewels slipping past borders to fund Russia's war

[Sherryn Groch](#), WA Today/The Age/SMH, February 24, 2026

The diamonds arrive in secret. Plucked out of one of the deepest holes ever cut into the earth, beneath the permafrost of Siberia, and then shipped across the world on shadowy fleets to be cut and polished in places such as India and Dubai.

By the time they glitter in the light of Australian shop windows and on engagement ring bands, Russian diamonds look like all the other gems – and so does their paperwork. You'd never know that that beautiful rock beneath the glass, already many millions of years old, came from a Kremlin-owned mine.

But as Tuesday marks four years since the Kremlin launched its [full-scale invasion of Ukraine](#), experts are sounding the alarm over this little-known back-door trade in Russian diamonds to Australia.

A new report by anti-corruption researchers Transparency International warns there are still glaring gaps in Australia's sanctions against Russia, leaving us open to the "real and ongoing risk" that parts of the economy are helping prop up the Kremlin's war machine. That includes loopholes still allowing in Russian crude oil, [dirty money](#) – and diamonds.

While international efforts to starve Russia of revenue have focused on its huge oil and gas exports, diamonds are also filling up Russia's war chest. It remains the world's biggest producer of the gems, drawing in billions of dollars a year from the famously secretive industry despite sanctions, and using its veto powers to block international efforts to classify Russian stones officially as blood diamonds.

Experts told this masthead that Russian diamonds were pouring into softer markets that did not follow G7 nations in banning them outright, including Australia.

Though big-name sellers such as Tiffany's have publicly boycotted Russian diamonds, the industry admits stores often don't know where a stone came from as many re-emerge out of refining hubs in India and Dubai, cut and polished with new paperwork disguising their true origins.

"Diamonds are the regime's best friend," said Clancy Moore of Transparency International Australia.

Stones are prized for their quality, not provenance, and once they've been refined in places such as India, the supply chain would helpfully call them Indian diamonds, he said.

Though Australia [sanctioned](#) the world's biggest diamond producer Alrosa, a Russian state-owned company, the federal government did not follow the G7 and European Union in banning Russian diamonds outright and has not imposed the strict proof-of-origin requirements that, as of this year, mean some stones are tracked around the world using 3D scanning and [blockchain ledgers](#).

In one case uncovered by international investigators at [Arctida](#) and examined by the TI report, shipping records reveal Alrosa diamonds have been sold through a shell company to an Indian refiner. From India, they then appear to have been sold to an Australian diamond wholesaler in multiple shipments worth nearly a million dollars.

Alrosa is run by the son of a close ally of [Russian President Vladimir Putin](#) and has long been entangled with the Russian military – even sponsoring the upkeep of a submarine used in Putin's annexation of Crimea in 2014.

“Russian diamonds could be entering Australia through shady back doors and intermediaries,” said Moore, “potentially propping up Putin's vicious attack on Ukraine.”

International blood diamond researcher Hans Merket said diamonds were known to change hands as many as 30 times in the supply chain, leaving consumers largely in the dark.

Banned Russian commodities “tend to follow the path of least resistance”, he said. “Flows that previously went smoothly to the EU, where restrictions have tightened, have naturally found alternative destinations where entry is easier.” That now appeared to include Australia, he said.

Community [pressure has been building](#) on the Albanese government to close a similar loophole allowing Russian oil refined in other countries into Australia – and billions of dollars in tax revenue to flow back to the Kremlin, as detailed in this masthead's [Blood Oil series](#).



[Russia-Ukraine war](#)

[Putin is one of the world's richest men. But the money isn't in his name](#)

The Australian Federation of Ukrainian Organisations said they were shocked to learn of the diamond back door into Australia. Chair Kateryna Argyrou, who has frequently travelled to Ukraine to see her family and witnessed [the carnage Russia has unleashed](#) there, called on the government to close the loophole urgently.

“I think most Australian brides would be mortified to know their diamond engagement ring might have been made with Russian blood diamonds,” she said.

The Kremlin uses its own vast diamond stores to fix international prices, and took advantage of the original classification of blood diamonds two decades ago – which narrowly focused on conflict involving rebel groups in Africa – to seize an even larger share of the gemstone market.

“Peace is worth more than diamonds,” said Ukrainian president Volodymyr Zelensky in 2022 when he first warned world leaders that Russia was using diamond revenues to fund its war machine.

Financial crime expert Anton Moiseienko said the increasing flow of Russian diamonds to Australian markets was the latest symptom of our weak [sanctions regime against Russia](#).

On paper, he said, Australia had “done enough to look like a good global citizen”, but in reality its new sanctions agency lacked teeth – understaffed compared to counterparts across the West, and with no power to impose penalties, leaving cases instead for referral to busy police departments.

The TI report, to be released Tuesday, also highlights the case of Australian company Tigers Realm, which continued to mine coal in Russia after the war, pulling in record hauls of the banned commodity and paying millions in taxes to the Russian government. The Kremlin's sovereign wealth fund was among its shareholders.

Though the federal court ruled in 2024 that Tigers Realm had [breached sanctions](#), authorities have not penalised the company and its bid to sell its Russian operations remains [stalled](#), pending approval from Putin.

Meanwhile, the report also found the flow of Russian money to Australia surged through regulated channels after the war broke out. In the two years after Putin's 2022 invasion, AUSTRAC tracked nearly \$20 million in cash physically carried across the border from Russia, compared to less than \$2 million in the two years before.

That amount was only what was visible, Moore said. Much of the Russian money flowing through Australia is dark, and untouched by sanctions – [poured into lucrative real estate](#), moved in amounts below \$10,000 reporting thresholds, or through complex webs of proxies, shell companies and anonymous cryptocurrency chains.

Australia remains an attractive destination for sanctioned oligarchs and corrupt states to park their wealth, Moore said.

The Australian government says it has seized \$100 million in Russian assets since Putin's invasion began, under [a sanctions regime](#) bureaucrats have described as largely relying on notifications from banks. But Moiseienko said that money appeared to be the tip of a very large iceberg.

It is less than 2 per cent, for example, of the more than \$7 billion worth of Russian securities investments the Kremlin has itself declared it has in Australian dollars – a figure also [cited](#) by the Belgian clearing house Euroclear, where some \$200 billion in Russian government assets now sits frozen on its books.

Those billions of Australian dollars belonging to Moscow are most likely held in Australian bank accounts, said Moiseienko.

Far from a sophisticated web of shell companies or proxies designed to evade sanctions, "this is literally on paper the Russian government's money", Moiseienko said. "And we haven't touched it. For something of this magnitude to be missed, it raises the question: what else has?"

Last year, this masthead [revealed](#) that billions of dollars of laundered funds, including by Russian criminals, was pushing up Australian house prices.

A long-awaited government crackdown on the middlemen [helping oligarchs and criminals](#) wash their dirty cash in Australia is coming into force from July this year, making "gatekeeper" professions such as realtors and dealers in precious stones do

checks on their clients. Moore said that meant diamond dealers would finally face tougher rules.

But Australia will not have a [beneficial ownership](#) register forcing the disclosure of where proceeds really flow (which even known tax haven the Cayman Islands has) for at least another two years.

Meanwhile, Merket said, Russia was “constantly probing for back doors” to keep revenue flowing, having proven itself “adept at identifying and testing weaker links in the chain”. One of those weak links is now Australia.

A spokesperson for the Department of Foreign Affairs and Trade said Australian businesses must comply with sanctions, including by identifying issues in supply chains, while those holding assets must inform police if they are freezable.

But the department did not answer questions on specific cases, saying: “The Australian Sanctions Office does not comment on compliance matters.”

Tigers Realm did not answer questions before deadline.