REPORT OF THE REVIEW VISIT OF THE KIMBERLEY PROCESS TO USA,

3 - 7, December 2012

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5. UAE represented by Mr. Mohammed Abdrabboh.
6. Industry represented by – No representation
7. Civil Society represented by – No representation

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INTRODUCTION

1. The United States hosted the first round Kimberley Process Review Visit in 2005 and expressed its readiness to host the second round visit since 2008. The second Review Visit was organized on 3-7 December 2012 on the invitation of the U.S.

2. On April 25, 2003, the United States enacted the Clean Diamond Trade Act (Public Law 108-19) which provides the legislative and institutional framework for implementing the Kimberley Process Certification Scheme (KPCS). The United States takes a multi-agency approach to Kimberley Process (KP) implementation and also cooperates with a non-profit industry group, the United States Kimberley Process Authority (USKPA) to assist with U.S. export documentation. With the exception of the requirements to implement the KPCS, rough diamonds are not subject to other special import or export controls or any other special business practices. For example, regulations that are applied to facilitate the movement of commodities, or laws that track financial payments apply broadly to a variety of commodities/sectors.

3. Domestic implementation is coordinated by the following government agencies:
   
   Department of State
   Department of Treasury
   Department of Homeland Security principally through the agencies of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement
   Department of Commerce through the U.S. Census Bureau.

4. Internationally, the United States participates in KPCS activities and meetings which are led by the Department of State’s Bureau of Economic and Business Affairs which also acts as the KP Focal Point for the U.S. The U.S. offers technical assistance and support to several diamond producing countries in Africa through the State Department’s African Affairs Bureau, the United States Agency for International Development (USAID) and the Department of Interior’s U.S. Geological Survey (USGS). U.S. assistance focuses on better implementation of the KPCS, training of KP authorities in organizing their certification system and programs for alluvial mining.

5. The U.S. is today by far the largest consumer of diamonds and diamond jewellery and an important market in the polished diamond supply chain. New York is a major trading centre for the supply of polished diamonds to wholesalers and retailers. As per BAIN report, the U.S. contributes to around 40% of the diamond market in the world.

6. The United States is not a diamond producing country, but is a significant purchaser of polished (cut) diamonds. In 2011, gross polished diamond imports were US$ 21.69 billion. U.S. gross polished diamond exports in 2011 were recorded as US$17.78 billion. (Department of Commerce). The pre-eminence of the United States as a diamond polishing center has declined over time with fewer and fewer cutting factories in operation. Generally, any remaining firms focus on polishing high value or large carat rough diamonds.
7. The U.S. has a major interest in the success of the KP because it ensures breaking the link between armed conflict and rough diamonds and protects legitimate trade. Nevertheless, the U.S. rough diamond trade is a very small percentage of overall world trade in rough diamonds. In 2011, total U.S. rough diamond imports reached $US 679 million and total U.S. exports were $US470 million, with a further decrease projected for 2012.

8. Total U.S. rough diamond imports and exports (which also includes industrial diamonds) for 2006-2011 is below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Carats</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>3,415,415.00</td>
<td>$841,031,582.00</td>
</tr>
<tr>
<td>2007</td>
<td>4,174,271.00</td>
<td>$879,631,671.00</td>
</tr>
<tr>
<td>2008</td>
<td>3,969,765.00</td>
<td>$793,736,219.00</td>
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<tr>
<td>2009</td>
<td>2,136,379.00</td>
<td>$308,673,240.00</td>
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<tr>
<td>2010</td>
<td>2,115,392.00</td>
<td>$549,572,961.00</td>
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<tr>
<td>2011</td>
<td>3,178,191.00</td>
<td>$678,842,575.00</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Carats</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>3,562,849.00</td>
<td>$555,373,802.00</td>
</tr>
<tr>
<td>2007</td>
<td>4,066,613.00</td>
<td>$562,803,954.00</td>
</tr>
<tr>
<td>2008</td>
<td>3,345,693.00</td>
<td>$437,975,363.00</td>
</tr>
<tr>
<td>2009</td>
<td>2,231,869.00</td>
<td>$266,928,567.00</td>
</tr>
<tr>
<td>2010</td>
<td>2,175,781.00</td>
<td>$366,595,524.00</td>
</tr>
<tr>
<td>2011</td>
<td>2,463,322.00</td>
<td>$469,813,132.00</td>
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9. The RV Team expresses its sincere gratitude to the U.S. Government and its officials from the State Department, Census Bureau, Customs and Border Protection (CBP) and other agencies for smooth coordination and cooperation in making this visit a success.

10. The RV Team also acknowledges the contribution made by the other stakeholders such as USKPA, Standard Chartered Bank, Diamond Manufacturers and Importers Association of America, Jewelers of America, Malca Amit, and other private companies for their time and active participation in the discussions during the visit.

11. The Team acknowledges that a considerable amount of technical assistance is being provided by the USGS, USAID & U.S. Census Bureau to certain KP Participants over a period of time and anticipates that the U.S. will continue to do so.

12. A listing of all U.S. officials/private sector individuals who met with the team in various meetings is at Annexure – 1.
METHODOLOGY

13. The Review Team was led by India and its representatives included Mr. Vinay Kwatra, the team leader, assisted by Mr. Sabyasachi Ray. Russia was represented in the Washington leg by Mr. Alexander Pshenichnikov, and in the New York leg by Mr. Oleg Sharipov. Angola was represented by Mr. Estanislau Buio, the European Community represented by Mr. Joris Heeren and UAE was represented by Mr. Mohammed Abdrabboh. The agenda and programme of the visit is at Annexure-2.

14. The schedule for the Review Visit was communicated to the RV team in advance by the host government. It was extensively discussed among the team members through conference calls. Based on intra-RV team consultations, additional meetings were suggested to the U.S. for incorporation in the programme which include:

14.1 A visit to a land border customs post on the U.S.-Mexico border. The team felt this was important because of several media reports that pointed towards the possibility of smuggling at the U.S.-Mexican border;

14.2 Meeting with diamond traders in New York;

14.3 Meeting with relevant financial institutions including the banks to understand process details and their compliance with regulatory framework relating to transfer of funds etc.;

14.4 Visit to KP implementing agencies, including Customs and Border Protection; and

14.5 Scheduling of an exit meeting.

15. The RV team also held a coordination meeting with the host government officials prior to the commencement of the visit. During this meeting, the schedule of the visit was finalized. It was also decided that the RV Team will follow the revised checklist for Review Visit as circulated by Working Group on Monitoring (WGM).

16. The RV Team is thankful to the U.S. State Department and other coordinating agencies that incorporated all the above requests for re-scheduling and substantive requests.

17. With regard to the visit to a land border customs posts on the U.S.-Mexican border, the host country responded, inter-alia that the United States has very little diamond trade with Mexico. Approximately, 85% of all rough diamonds come into the U.S. through J.F. Kennedy Airport, with a small amount coming through Newark, New Jersey, Los Angeles, California and Alaska. U.S. Customs and Border Protection inspects most of the diamonds at J.F. Kennedy Airport. There are National Import Specialists located in New York City for all commodities, including diamonds. If CBP personnel in other parts of the U.S. have questions, they contact the National Import Specialists.
The U.S. RV coordinator indicated that she would ask CBP to take up the question of U.S. enforcement in cross-border (by land) diamond flows and bring further information to our meetings, but they had “no plans to visit the border area as part of the visit.” As such, the Review Team did not undertake any visit to the U.S.-Mexican border.

During the visit, the RV Team met various government officials from State Department, Customs and Border Protection (CBP), Census Bureau, Office of Foreign Assets Control (OFAC), FinCEN, USGS, USAID, Arkansas Department of Parks and Tourism, etc. as well as representatives from the industry and trade bodies.

On 3rd December, the Review Visit started at the U.S. State Department. The RV Team was welcomed by Assistant Secretary of State Jose Fernandez, Bureau of Economic and Business Affairs. In his remarks, he outlined the general and specific objectives of the United States for the KP process.

The broad contours of legal and institutional framework of the KP implementation were explained to the RV Team by the U.S. State Department officials. They were then amplified through presentations done by OFAC and FinCEN (through teleconference) on their role and responsibilities.

The Arkansas Department of Parks and Tourism, USAID and the USGS followed it up with a lively presentation on the Crater of Diamonds State Park and U.S. technical assistance given around the world by USGS and USAID.

On 4 December 2012, the RV Team had a session at the U.S. Census Bureau where the U.S. Census Bureau, U.S. Immigration and Customs Enforcement (ICE) and the CBP gave presentations on their roles in the implementation of the KPCS.

The second leg of the programme was in New York and included field visits at the J.F. Kennedy Airport to the U.S. Customs & Border Protection facility, and the MalcaAmit and cargo centre. The Team visited the walk-in offices of Brinks Global USA in Manhattan.

The next day constituted visits in Manhattan to the Malca-Amit office and USKPA office, followed by interaction with the trade, i.e Diamond Manufacturers and Importers Association of America (DMIA). Then the team divided itself into three sub-teams. One team visited the trade representatives of MWI/Eloquence and ALMOD, a second team visited Lieber and Solow (all USKPA Licensees) and another team visited Standard Chartered Bank.

On the last day of the visit, the Team visited Jewelers of America (JA) and Tiffany’s retail store on Wall Street. The visit was wrapped up with an exit meeting between the team members and the U.S. State Department and local CBP officials with some of the trade members joining in.

It was decided and agreed at the Exit Meeting that U.S. would furnish whatever documentation or additional information RV Team needed following
deliberations during the visit. It was recognized that such information would be most essential to finalize the report, as also to make it comprehensive in its coverage. The list of documents at the end contains the information provided by the host government. However, some of the questions remain unanswered and due to which the report may appear inconclusive as relating to points of query.

28 The Team was provided access to institutions, and most of the records and documents that it requested for. The professional approach and homework done by all the agencies that the Review Team met was commendable. It deserves a special mention that most of the agencies were prepared with detailed presentations; were transparent and forthcoming in their approach; and were receptive to suggestions of improvement and suggestions made by the RV Team.

29 The U.S. Census Bureau has undertaken commendable improvements in statistical data collection and meticulous upkeep of its systems since 2005. The RV Team appreciated the detailed manner in which the same was presented.

30 The U.S. has been a participant in the Kimberley Process Certification Scheme since 2003. The Clean Diamond Trade Act was passed by the U.S. Congress and signed by the then President George W. Bush in April 2003. Under this Act, the importation into or the exportation of rough diamonds from the U.S. of rough diamonds from whatever source is prohibited unless it has been controlled through the Kimberley Process Certification Scheme.

31 For the convenience and to simplify the report, in general, the references related to Legal & Institutional Framework, Export/Import Procedure etc. have been taken to the extent possible from the previous annual and review visit reports. The recommendations and observations of the RV team members have been stated at the end of the report.

INSTITUTIONAL FRAMEWORK

32 The Clean Diamond Trade Act of 2003 (CDTA) (Public Law 108-19 and the Executive Order 13312 of July 29, 2003 establish the framework for implementation of KPCS.

33 Under the CDTA of 2003, the USA established a Kimberley Process Implementation Coordinating Committee to coordinate the implementation of this Act.

34 This Committee shall be co-chaired by the Secretary of the Treasury and the Secretary of the State. The other members of the Committee also include the Secretary of Commerce, the Secretary of Homeland Security, and the United States Trade Representative.

35 In addition to the formal Committee meetings, officials of these agencies on the Committee conduct frequent informal exchanges regarding implementation of the Clean Diamond Trade Act and administration of the Kimberley Process Certification Scheme.
36 Implementation of the Act is carried out by U.S. Government entities and by a private entity. The three entities involved in the day-to-day implementation of the Clean Diamond Trade Act of 2003, with their full addresses, are identified below:

36.1 Importing Authority – CBP has been designated as Importing Authority to enforce import provisions relating to KP, including verification of KP Certificates. United States Customs and Border Protection, 1300 Pennsylvania Avenue, NW. Room 5.2B, Washington DC 20229

36.2 Exporting Authority: United States Census Bureau has been designated as Exporting Authority to enforce export provisions relating to KP. U.S. Census Bureau, 4600 Silver Hill Road, Washington DC 20233

36.3 Oversight and Internal/External Cooperation: The State Department is responsible for coordination with the U.S. Import and Export Authorities and other KP Participants. It also has responsibilities for oversight of the USKPA. The State Department also has ongoing cooperation with the U.S. diamond industry through contacts with industry associations, individual firms and through the USKPA. The State Department has a general e-mail inbox for questions and comments from the industry and the public. The same mailbox also receives notifications of the issuance of U.S. KP certificates as well as import notifications from foreign KP offices. USKimberleyProcess@state.gov, U.S. Department of State, Bureau of Economic and Business Affairs, EB/TFS/TFC, Rm 3843, Washington DC 20520.

37 The RV Team was briefed on the functioning of the U.S. Kimberley Process Authority. The following emerged:

37.1 The U.S. does not have a diamond office, instead the printing and distribution of KP Certificates is managed by the United States Kimberley Process Authority (USKPA). The USKPA is a not-for-profit trade association in the United States formed for the purpose of administering and providing U.S. Kimberley Process certificates for the export of rough diamonds from the U.S. The physical location of the USKPA was identified as: United States Kimberley Process Authority, 11 West 47 Street, 11th Floor, New York, NY 10036

37.2 The Team observed that the role of the USKPA was not explicitly described in the U.S. Clean Diamond Trade Act or the Executive Order. During the presentation, it was mentioned by the State Department that an agreement with USKPA exists and a copy would be provided to the RV Team. The Team has requested that a copy of the relevant official/legal order or agreement setting out any understandings between the U.S. Government and the USKPA, including as to the nature and scope of its role be provided.

US Comments: While an agreement between the USKPA and the USG has been in effect since 2003, the USG and the USKPA have agreed that we will pursue a formal MOU.

37.3 The U.S. Government reviews the activities of the USKPA on an annual basis which includes a performance review of its procedures and records. The USKPA is also required to file an annual report of its activities and the activities of its licensees with the State Department. Informal exchanges also occur on a frequent basis as well as coordination when an issue arises. A copy of the last formal audit
The registration of businesses involved in Kimberley Process as recommended by the KP Core Document is being done by the U.S. Department of Treasury. There is no separate registration for diamond trade, and the tax number acts as a unified registration mechanism. Businesses are also required to incorporate and obtain business licenses in the state in which they operate.

The Enforcement Agencies for KPCS in U.S. are CBP, OFAC, Fin CEN (though Kimberley Process is not part of Fin CEN’s official mandate, but as per 31CFR1027 - rules for dealers in precious metals, precious stones, or jewels, rough diamonds come under the precious stones) and U.S. Immigration & Customs Enforcement (ICE).

The U.S. Census Bureau clarified that while it does collect individual data directly from U.S. CBP, this information cannot be shared with others in accordance with their regulatory requirement on data sharing.

In the interest of greater transparency, the RV team requested the list of members of the U.S. Inter-agency Coordination Committee on USKP, as also the minutes of the last meeting of the inter-agency coordination meeting on the KP.

**LEGISLATIVE FRAMEWORK**

The Clean Diamond Trade Act (CDTA) was signed into law on April 25, 2003 and is codified at 19 U.S.C. 3901 et seq. The CDTA directed the President to take certain steps to implement the Kimberley Process Certification Scheme (KPCS) for rough diamonds in the U.S. Presidential Executive Order 13313, issued July 29, 2003 consolidates previous Executive Orders related to conflict diamonds and further assigns U.S. agency responsibilities.

The Department of Treasury’s Office of Foreign Assets Control (OFAC) issued the Rough Diamonds Control Regulations with the final rule issued in the Federal Register on September 23, 2004. The regulations were amended on 21 May 2008. Known as 31CFR592, the Regulations set forth, among other things, the prohibition on the importation into or the exportation from the United States on or after July 30, 2003 of any rough diamond, unless the rough diamond has been controlled by the Kimberley Process Certification Scheme.

As per the information provided by the U.S. officials, the CDTA contains provisions that cover, inter-alia:

- Export and import of rough diamonds;
- Issuance of certificate;
- Internal controls;
- Penalties for individuals and companies violating the law or regulations; and
- Collection and exchange of official import and export data related to rough diamonds.

The Department of Commerce, U.S. Census Bureau issued a final rule on the Automated Export System Mandatory Electronic Filing for Exports (Re-exports) of Rough Diamonds, which was published in the Federal Register on October 20, 2003.
The State Department periodically issues a notice in the Federal Register identifying all KP Participants eligible for trade in rough diamonds under the Act and their importing and exporting authorities. The most recent Federal Register Notice was published on 11 May 2012 (Vol.77, No 92).

Section 31CFR592.502 of the Rough Diamonds Control Regulations, as amended, requires all importers and exporters of rough diamonds to file an annual report with the U.S. Department of State detailing their import, export, and stockpile information. The reports are to be filed by April 1 of each year to cover the preceding calendar year (January 1-December 31). Any importer or exporter who fails to file a required report shall be subject to a civil penalty not to exceed $10,000 per violation.

The Enforcement Authority for the above is the Office of Foreign Assets Control (OFAC). The Team was however informed that to date, OFAC has not issued a civil penalty to any importer or exporter for failure to file a required report under the Regulations.

The Team requested the reporting format, if any, that the OFAC/State Department uses for the yearly returns of exports and imports from the licensees (Stockpile Reporting would provide greater understanding of KP implementation).

IMPORT AND EXPORT PROCEDURES

Import Controls

The United States Customs and Border Protection is the Importing Authority responsible for enforcing the import provisions of the Clean Diamond Trade Act. CBP uses a sophisticated Trade Compliance Risk Management Process to manage rough diamond imports. CBP personnel have easy access on their website to samples of all Participants’ Kimberley Process Certificates for comparison purposes with incoming shipments. Physical inspection is carried out based on a risk-based assessment model.

A formal entry is required for all importations regardless of value or mode of transportation. CBP Import Specialists conduct a document review, and physical examination of shipment, as necessary. Import after that was explained as a two step process:

51.1. Entry – Information transmitted to CBP for review and merchandise is available for inspection. CBP reviews admissibility and safety concerns at entry.
51.2. Entry Summary – More detailed information provided to CBP for review. CBP reviews non-admissibility issues (e.g. classification and valuation) during the entry summary review.

While CBP does not, as a matter of general policy, publicly reveal the numbers of physical inspections it conducts, the authorities informed that they undertake a large number of physical inspections. The number of inspections are reported in the Annual Reports submitted to the KP. The enforcement record to date provides assurance that inspections are being conducted in an effective manner.
CBP's internal website is available for designated staff at all field locations, which provide basic information to prospective U.S. importers on the importation and Kimberley Process, and facilitates several functions including the following:

53.1 Post current KP Certificate specimens on CBP's internal web page to assist field personnel.
53.2 Assist in liaison between field personnel and State for KPC authentication.
53.3 Issue guidance when changes occur or vulnerabilities are identified.
53.4 Give accurate information on the correctness of the certificates.

Most of the rough diamond import shipments enter the United States through the airports located in the New York metropolitan area though minuscule amounts reportedly also enter through Los Angeles.

Under the Rough Diamonds Control Regulations, the person identified as the ultimate consignee on customs forms filed in connection with the importation of rough diamonds must retain the original Kimberley Process Certificate for at least five years after the date importation and must make the certificate available on demand.

The person identified as the ultimate consignee on customs forms filed in connection with an importation of rough diamonds must also report the receipt of the shipment to the relevant foreign Export Authority within 15 calendar days of the date that the shipment arrived at a U.S. port of entry. The report must refer to the Kimberley Process Certificate by its unique identifying serial number, the number of parcels, the carat weight, and the identity of the importer and exporter of the shipment.

Export Controls

The United States Kimberley Process Authority (USKPA) is a not-for-profit trade association in the United States formed for the purpose of providing U.S. Kimberley Process certificates for the export of rough diamonds from the U.S. The USKPA is governed by a Board of Directors, and is located in New York City.

The USKPA has an arrangement with the U.S. government to provide U.S. Kimberley Process certificates to licensed entities for use in exporting rough diamonds from the U.S. The USKPA administers the licensee program.

The USKPA enters into licensing agreements with entities seeking to export/re-export rough diamonds from the United States and use Kimberley Process (KP) Certificates for that purpose. All licensees of the USKPA must first meet the requirements under the Automated Export System (AES), as administered by the Customs and Border Protection (U.S. Importing Authority) and the U.S. Census Bureau (the U.S. Exporting Authority).

As the Exporting Authority, the U.S. Census Bureau validates the U.S. KP Certificates through the AES. No U.S. KP Certificate can be considered valid by the U.S. Government until it has an Internal Transaction Number (ITN) generated by the AES system and entered on the KP Certificate. The shipment will not be accepted for export by U.S. Customs without an ITN number. The U.S. Government notes that the licensee and the exporter take responsibility for the data entered on the KPC.
The USKPA has designed and produced, in consultation with the U.S. Government the Kimberley Process (KP) Certificate, which fulfils the security features and requirements set out in Annex I of the KPCS document. These certificates are maintained by the USKPA in a secure manner. Only business entities licensed by the USKPA are authorized to use U.S. Kimberley Process certificates for the purpose of exporting rough diamonds from the U.S. Licensees pay an annual administrative fee to the USKPA and a modest fee for each certificate issued. U.S. KP Certificates are distributed in small batches by the USKPA and only after firms have been vetted and approved to be licensees.

All USKPA licensees must agree to secure storage of their stock of certificates, keep records of their issuances and voids, post information about each certificate issued immediately in the USKPA database, allow annual inspections by the USKPA or government agencies of their records and complete a yearly report as part of their responsibilities as a licensee. Activities of USKPA and the licensees are reported to the U.S. Department of State.

The USKPA maintains a secure electronic database of all U.S. KP Certificates issued since November 2009. Each licensee is identified as the entity that possesses an individual certificate. When a licensee seeks to export rough diamonds, the licensee is required to enter all the information required on the KPC and to update the listing when they receive confirmation of receipt. The database is open to all U.S. Government agencies. There are no delays or transmission issues because the database operates in “real time” and data is available as soon as it is posted.

In 2012, there were 18 licensees, including four common carriers (Brinks Global USA, Malca-Amit, Ferrari Express and G4S International) that were authorized to issue KP Certificates to a third-party. If an entity wishes to export rough diamonds but does not seek to become licensed, the use of a licensed common carrier is required. Individual businesses (not common carriers) who obtain a USKPA license are not permitted under their licensee agreement to provide U.S. KP certificates for any third party whatsoever.

Almost all rough diamonds are exported by air cargo, so in addition to the export requirements set out by CBP, and the Census Bureau, all U.S. firms seeking to send items via air cargo must apply to become a “Known Shipper” of the U.S. Transportation Security Agency (TSA).

For third party issuance of KP Certificates, approved licensees will issue certificates upon application to known exporters that are registered in accordance with U.S. Transportation Security Administration regulations. In order for approved licensees to supply a KP certificate to a known exporter, the exporter must also complete an application requesting a KP certificate. In the application, the exporter attests that the information provided (carat weight, value, identification of exporter and importer, etc.) to the licensee is truthful and accurate and that the diamonds contained in the parcel(s) have been traded in accordance with the provisions of the KPCS.

A third-party issuer must keep the exporter’s application, a copy of the KP Certificate issued in conjunction with the application and the unique number of the certificate issued in connection with each application. The licensee must inform the USKPA of all KP Certificates issued, along with the identity of the user of the
certificate. Additionally, the licensee must maintain records of confirmations received from importers, confirming the proper receipt of the export and all accompanying documentation. All records and certificates maintained by the licensee are subject to review and confirmation by the USKPA and agencies of the U.S. government. All records and certificates must be available for examination for at least five years after the date of the transaction.

**US Comments : The USKPA has already informed the State Department that they plan to change this disclaimer at the next printing of the KPC to clarify that the data entered is the responsibility of the exporter.**

68 On an immediate basis, most licensees report their usage of KP Certificates to the State Department through an e-mailbox. After the USKPA annual performance review of all licensees, a summary report of the licensees’ activity is submitted to the State Department. The State Department will review this report, as part of its annual review of the practices and procedures, of the USKPA.

69 Also, a disclaimer was observed on the U.S. KP Certificates that states, "The issuer of this certificate accepts no responsibility relating to the accuracy of the data recorded by the exporter of the referenced shipment". The USKPA issues the certificates, but the exporter that uses the certificate possess full liability for the accuracy of the data entered on the certificate. The RV Team would appreciate receiving the U.S. Government’s official view on the ownership and responsibility of the U.S. KP Certificates by the U.S. Government and also their position on the referred disclaimer.

**INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION**

70 Customs and Border Protection and Immigration and Customs Enforcement are authorized to enforce the provisions concerning violations of CDTA and to enforce the laws and regulations governing exports of rough diamonds including with respect to the validation of the KP Certificate by the exporting authority. OFAC also has the ability to issue financial penalties for non-compliance with the CDTA.

71 In addition to the authority to seize and forfeit shipments or rough diamonds which have not been controlled through the Kimberley Process Certification Scheme, CBP can impose a civil penalty of not exceeding $10,000 on any person who violates or attempts to violate, any license, order or regulation under the CDTA and whoever willfully violates or willfully attempts to violate any license, order or regulation issued under CDTA shall upon conviction, be fined not more than $50,000 or, if a natural person may be imprisoned for not more than 10 years or both.

72 The Jewelers of America (JA) has outreach programs and publications for sensitizing their members about the KPCS.

73 US Customs and Border Protection website: [http://www.cbp.gov/xp/cgov/trade/trade_programs/diamonds/epb_pocs.xml](http://www.cbp.gov/xp/cgov/trade/trade_programs/diamonds/epb_pocs.xml) states that Enforcement Policy Branch Points of Contact has been updated as on
(21 December 2011). The site also lists Rough Diamond Importation Procedures under the Kimberley Process as on 30 June 2008.

While The U.S. Department of State website: http://www.state.gov/e/eb/tfs/tfc/diamonds/index.htm contains recent information about the international aspects of the Kimberley Process, the subsections such as “U.S. Person Compliance with KP Requirements” were last updated in May, 2011 and should be brought up-to-date.

U.S. industry stakeholders maintain that they have systems in place to ensure outreach, education, and transparency in the KP implementation process. The RV team commends their commitment to the KPCS and upholding its sanctity. The Jewellers of America’s outreach and education programme is worth emulating by other business associations. DMIA participation in the process was also beyond doubt. The USKPA also has educational materials on its website and Director Cecelia Gardner and the other USKPA Directors provide training on the KP at trade shows and industry meetings.

GOVERNMENT OVERSIGHT

The US runs a committed and strong system of KPCS implementation. However, the potential to further strengthen the system is there and RV Team has made several recommendations in this regard.

Based on the 2005 RV recommendations, some inspections routinely involved a full physical examination using independent valuators. The U.S. in its Annual Report to the KP maintained that CBP does not use independent evaluators to determine the appraisal amount of rough diamond shipments. Instead, Import Specialists verify the value of imports based on invoices, proofs of purchase and bank records.

During the visit, the team members met with the CBP officials and the Import Specialists. Also the team went and did a physical check of an import at the Malca-Amit warehouse near J.F. Kennedy Airport. In reply to a specific question, it was pointed out that to find out the difference between diamonds, the Import Specialists use a common diamond tester that checks the hardness instead of spectrum analysis to know the veracity of the diamonds. Diamond testers of this type cannot distinguish between manmade diamond and a natural diamond rough. The Import Specialist stated that CBP did not use spectroscopic verification of the diamonds to identify suspicious shipments of diamonds. Import Specialists at the J.F. Kennedy Airport examine diamond shipments using two different diamond testers (Presidium Gem, and Moissante) which are able to distinguish between natural and manmade diamonds.

It was also discovered that there was no weighing balance used to check the caratage of the imported diamonds by the CBP officials. It was felt that this process needs to be more consistent with the best practices recommended in the KP Core Document Clause 23 of the “Recommendations for Import Processes” which states that the Importing Authority should open and inspect the contents of the shipment to verify the details declared on the Certificate.

The Team noted the need for CBP to arrange for additional the training of the appropriate CBP personnel/Import Specialists/diamond valuation experts to strengthen their in-house capacity to deal with suspicious shipments.
US Comments: CBP states that they have valuation experts, but the valuation of merchandise for customs purposes is regulated by 19 USC1401a and that the 4Cs are not considered. CBP can seek a third party evaluation and typically does this when a shipment is seized. Please recall that ICE actually deals with shipments once they have entered the U.S.

82 As per the complementary guidance on internal controls Implementing effective controls of cross-border trade of Administrative Decision “Improving implementation of internal controls in the KPCS” which states that participants should carry out physical inspections of imports and exports of rough diamonds, consistent with national legislation, either on a comprehensive basis or on the basis of a risk assessment (including random checks); such checks should include examination of the value and, where possible, stated origin of diamonds in a given shipment. However, it was mentioned during the presentations that almost none of the export shipments are opened or physically checked by CBP due to a pre-departure deadline to file a shipment in the AES up to two hours prior to export by air cargo. CBP also told the RV Team that it would be more willing to conduct more thorough physical examinations of exports to support law enforcement operations. But doing physical inspections of diamond exports would expose the shipper and CBP to more cost and risks, because the tamper-resistant packaging would have to be broken before the item entered into international commerce. The U.S. State Department has since clarified that the timeframe of two hours was established in consultation with the U.S. shippers and in accordance with U.S. regulatory procedures by CBP in the Trade Act of 2002, as amended. These procedures were subsequently incorporated in the Census Bureau’s export regulations (15 CFR 30). This timeframe for electronic filing applies to all shipments carrier by air cargo and not just diamonds. The CBP export regulation related to air cargo is is 19 CFR 192.14.

83 The Team felt that physical inspections of imports and exports of rough diamonds, including periodic checks and targeted, risk-based checks should include examination of the value and stated origin of diamonds, where possible. The USKPA and State Department website should contain a note on suspicious shipment or enforcement regulations.

84 The visit to Standard Chartered Bank by the RV Team showed that there could be greater scope for coordination between the financial institutions and the KP agencies, in particular with regard to the documents collected by the banks while verifying the payments for transactions related to rough diamond import / export.

85 It was felt that in regards to international money transfers, the U.S. should make efforts to follow the best practices found in the complementary guidance on internal controls Implementing effective controls of cross-border trade of Administrative Decision “Improving implementation of internal controls in the KPCS” as per which the participants should ensure that international payments for all purchases of rough diamonds are routed through banks rather than informal banking systems, and, where possible, supported by verifiable documentation.

86 FinCEN has subsequently clarified that the United States does not regulate the financial transactions of firms specifically involved in the U.S. diamond trade,
but that all U.S financial institutions are required to adhere to a number of standards to combat money-laundering and illegal cash flows covered by the anti-money-laundering regulations and the Bank Secrecy Act.

86.1 For Cash Transactions: All trades and businesses in the U.S. are required to file an Internal Revenue Service/FinCEN Form 8300 if the business receives more than $10,000 in cash from one buyer as a result of a single transaction or two or more related transactions: http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Form-8300-and-Reporting-Cash-Payments-of-Over-$10,000

86.2 For Hawalas/MSBs: With regard to hawalas, in general, these must be registered as money transmitters (a subset of “money services business” or MSBs) in the U.S. and are therefore subject to regulation under 31CFR1022, which includes Customer Identification Programs, Currency Transaction Reports, and Suspicious Activity Reporting requirements.

STATISTICS

87 USA has been submitting all the required data on the Statistical Website. USA also acts as a Chair of Working Group on Statistics and as such has been managing the website. Based on the suggestions from other participants, USA has made improvements to the website.

88 The US issued new regulations in May 2008 requiring all imports of rough diamonds, regardless of the value of shipment, be entered formally with US Customs and Border Protection (CBP). All rough diamonds imported must filed on CBP Form 7501 Entry Summary or its electronic equivalent. This will help improve the Kimberley Process statistics in particular those imports of shipments that were below the exemption level in the past. In an effort to increase awareness of the Kimberley Process requirements, the US has been actively conducting outreach and education with the trade community. The US State Department informed the review team that rough diamond data was also collected via 1501ABI/ACE on imports and AES on exports.

89 It may be noted that the review visit report 2005 had made several observations relating to the US Statistics. One of the paragraph is reproduced below: “The Census Bureau admitted that there had been difficulties in gripping the subject, brought about in part by a lack of resources the Bureau could devote to it, a theme they returned to on several occasions.”

90 The US Census Bureau has since undertaken commendable improvements in statistical data collection and meticulous upkeep of its systems. The RV Team appreciated the detailed manner in which the same was presented.

91 However the data on the website also posed some questions. It was pointed out during the current review visit that the import and export data across various categories / HS classifications could not be fully reconciled.

92 The data tabulated below is from the annual statistical tables for USA available on the KP website.
<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Grand Total</th>
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<td>3444201.48</td>
<td>2393414.79</td>
<td>2304206.37</td>
<td>2547850.66</td>
<td>14591577.33</td>
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<tr>
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<td>1382840.56</td>
<td>1014101.93</td>
<td>1240027.58</td>
<td>1445364.91</td>
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<tr>
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<td>1899587.18</td>
<td>2026738.86</td>
<td>1096221.45</td>
<td>1047381.75</td>
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<td>2316251.83</td>
<td>2384116.25</td>
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<td>146580.61</td>
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<tr>
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<td>8403931.35</td>
<td>4709666.62</td>
<td>468322.62</td>
<td>6078802.32</td>
<td>33088614.74</td>
</tr>
</tbody>
</table>

HS Code 7102.10 : Unsorted Rough Diamonds (Run of Mine)

HS Code 7102.21 : Industrial rough diamonds (Near Gem quality)

HS Code 7102.31 : Non-industrial rough diamonds (Gem quality)

92. From the data available on KP Statistics website, it is observed that the volume of exports of rough diamonds from US under HS Code 7102.31 (Gem Quality) is substantially higher at 7.06 million carats as compared to imports at 4.10 million carats, during last five years.

93. The above table indicates that during each of the last five years imports of industrial diamonds under HS code 7102.21 is substantially higher (together accounting to 14.16 million carats in 5 years) as compared to exports of the same, at 6.97 million carats during the last five years).

94. The U.S. State Department informed the RV Team that there was no specific link between import and export KP data, but speculated that diamonds were likely held in stock until prices rebounded after 2008. Based on such high variation, it needs to be examined whether the industrial diamonds are being exported as gem quality from U.S.

95. It would be also be helpful if the report of the Working Group on Statistics (WGS) could reach the team and the host government at least two weeks before the start of the Review Visit. Preferably, it should be even earlier so that the Participant has a chance to contact others and correct major anomalies. For this visit, the Report on Analysis of the U.S. KP Statistics for 2011 arrived just before the Review Visit started. The European Union graciously agreed to prepare the report for the U.S. when they were not able to obtain the report from the WGS member assigned to do it. This was stated as an exception and not the norm for the WGS.

CONCLUSIONS

96. The Review Team visit was productive. The Team generally had access to all information, data and individuals that it requested, and is satisfied that U..’s
legislative and implementation framework is in place to meet all of the requirements as set out in the Kimberley Process Certification Scheme, and address the challenges that may appear from time to time.

97. A specific point to note was the commendable achievement of the U.S. Census Bureau in effecting improvements in statistical data collection and meticulous upkeep of its systems since 2005. The RV Team appreciated the detailed manner in which these were presented during the visit.

98. However, based on its visit, and detailed interactions with various stakeholders involved in the implementation of the KP scheme in the U.S., the Review Team has a set of following recommendations to make that are aimed at strengthening the existing KP implementation system in the U.S..

RECOMMENDATIONS:

A. OPERATIONAL

99. U.S. Government should provide legal clarity on the role of the USKPA (and licensed entities) and the exact nature and scope of that role, possibly through an amendment to the Clean Diamond Trade Act.

100. U.S. CBP should identify and arrange for additional training needs for CBP personnel/Import Specialists/diamond valuators to strengthen their in-house capacity to deal with suspicious shipments. The training regime should prioritize Import Specialists for further education in the identification and distinction of diamonds, their valuation and their appraisal through expert institutions like GIA, HRD.

101. A Weighing Balance for diamonds should be provided at all physical inspection points by CBP.

102. Proper authentication of US KPCS Certificates by US KP Export Authority needs to be done. US should accept responsibility for the data recorded by exporters on US KP Certificates by amending or taking out the disclaimer: "The issuer of this certificate accepts no responsibility relating to the accuracy of the data recorded by the exporter of the referenced shipment"

103. Inspections of Imports and Exports: CBP should be encouraged to carry out more rigorous physical inspections of import and export consignments of rough diamonds, consistent with national legislation, which should include periodic checks and targeted, risk-based checks; such checks should include examination of the value and stated origin of diamonds, where possible.

104. U.S. KP Certificate should have field of “Country of Origin” on it and indicate the same, if available / known at the time of re-export of rough diamonds as per KP Technical Guidelines no 7 & 12.

US Comments: Per the KP AD, this only applies if all the diamonds in the shipment are from the same place.
105. The financial institutions should coordinate with KP agencies to ensure that international payments for all purchases of rough diamonds are routed through banks rather than informal banking systems, and, where possible, supported by verifiable documentation such as copy of KP Certificate, house airway bill, etc in case of import / export (Refer recommendation 7 of Annex II of the core document).

US Comments: It is not the role of CBP to take on this type of coordination in the USG. Banking oversight is a responsibility of the Department of the Treasury. Even so, the offices that deal with the KP are not involved in financial institution oversight. Unless the team can explain with more clarity or we can explain our banking regulations more clearly, we think this recommendation should be withdrawn. Please see previous note from OFAC.

106. U.S. export regulations allow shippers to file exports until two hours before the departure of a flight. This applies to all exports carried by air cargo, not just precious cargo or diamond exports. The RV Team felt that it may be inadequate and needs to be made more flexible to allow for more thorough inspection of outgoing shipments of diamonds and precious cargo. The Team feels that the relevant U.S. agencies may consider revisiting this issue.

107. Based on the data mismatch of the export and import data from 2007-2011, it needs to be examined whether the industrial diamonds are being misclassified and exported as gem quality diamonds from U.S.

108. U.S. customs Data on the ports through which rough diamonds have been imported and exported for the last three years should be checked for reconciliation. The U.S. Census Bureau, however, conveyed that it currently conducts reconciliation with CBP on an ongoing basis. The Team would request confirmation whether this includes reconciliation for the last three years.

B. GENERAL

109. U.S. Annual Reports should contain:

109.1 U.S. Importing /Exporting authorities contact information.

109.2 Identification of total import and/or export activity for each of the three Harmonized Tariff Schedule (“HTS”) classifications of rough diamonds during the reporting year.

109.3 Information on stockpiles of rough diamonds, if any, for each of the three HTS classifications as of the end of the reporting year.

110. The U.S. Government should strengthen the mandate and functioning of the KP Implementation Coordination Committee in order to enhance oversight (annual work plan, more regular meetings and participation).
111. The process for auditing of the USKPA needs to be reinforced, and periodic follow-up on implementation of actions needs to be undertaken to address the weaknesses identified.

112. The process for auditing of the USKPA licensed entities, in particular those who are empowered to provide third party KP Certificates, needs to be formalized with the USKPA and the U.S. government.

113. The U.S. should put a system in place to address a period of vulnerability during the export process, when the diamonds had a valid KP Certificate and are entered into the AES system. In cases where the customer changes his mind about shipping the goods, the KP Certificate is voided. The voided certificate is reported to the USKPA. It was understood by the RV Team, that it takes about one week for the USKPA to relay the information about the voided certificate to CBP. This may be considered as a vulnerability period.

114. In accordance with recommendation 15 of Annex 2 to the KPCS document, the U.S. KP agencies should remind companies of buyers, sellers, re-exporters, agents and courier companies involved in carrying out exports and imports of rough diamonds to retain copies of their sales records and original KP certificates.

115. U.S. Census Bureau, CBP and FinCEN to use the findings and recommendations of the latest EU Assessment of Statistics Report to reinforce their risk policy model.

C. DOCUMENTATION

116. A copy of the last formal audit report of the USKPA conducted by the U.S. Government may be provided to the Team.

117. It is understood that an entity is permitted to export/import rough diamond based on its tax number and other verifications. The RV Team would appreciate receiving complete details of such verification requirements, including the list of documents that are required to be submitted and are verified by the Importer/Exporter.

118. The RV Team requests a copy of the reporting format, if any, that the OFAC/State Department uses for the yearly returns of exports and imports from the licensees (Stockpile Reporting).

119. Customs Data on the ports through which rough diamonds had been imported and exported for last three years.

120. The RV Team would request a detailed written document from FEDEX on the procedures that they follow in handling rough diamond shipments.

************
The list of documents made available to the review team during the Review Visit included.

1. Final Review Visit Itinerary / Agenda.
2. List of all the U.S. officials/private sector individuals, who met with the RV team in various meetings, along with their designations and organisations.
4. Presentation on overview of KPCS by State Department
5. Presentation on the Role of FinCEN in the Diamond Industry
6. Presentation on the Role of OFAC in Administering the Clean Diamond Trade Act
7. Presentation on USAID Projects to Support the Kimberley Process
8. Presentation on U.S. Geological Survey (USGS) and Capacity Building Projects Abroad to Support the Kimberley Process
9. Presentation on Crater of Diamonds State Park, Arkansas
10. Presentation by U.S. Customs and Border Protection Agency (CBP)
11. Presentation by U.S. Census Bureau
12. 15CFR30, Foreign Trade Regulations: Mandatory Automated Export System (AES) Filing for All Shipments Requiring Shipper’s Export Declaration Information; Final Rule.
13. List of all Licensees with details of who are empowered to give third party KP certificates
Annexure – 1

List of all the U.S. officials/private sector individuals, who met with the RV team in various meetings, along with their designations and organizations.

1. Assistant Secretary of State Jose Fernandez, Bureau of Economic and Business Affairs, U.S. Department of State
2. Eileen Kane, Economic Officer, U.S. Coordination for the Kimberley Process, Bureau of Economic and Business Affairs, U.S. Department of State
3. Brad Brooks-Rubin, Senior Advisor for Conflict Diamonds, Bureau of Economic and Business Affairs, U.S. Department of State
4. Kate Zernes, Project Officer, Precious Metals, Stones and Jewels, Financial Crimes Enforcement Network (FinCEN)
5. Kimberley Brown, Senior Enforcement Officer, Office of Foreign Assets Control, U.S. Department of the Treasury
7. Michael Foose, Chief, Africa and the Middle East Sections, Office of the Director, International Programs, U.S. Geological Survey
9. Margaret Jenks, Park Interpreter, Crater of Diamonds State Park, Arkansas Department of Parks and Tourism
10. Brian Barulich, Attorney Advisor, Penalties Branch, Regulations and Rulings, Office of International Trade, U.S. Customs and Border Protection
13. Carolyn Francis, Kimberley Process Coordination, Data Collection Coordination Branch, Office of Foreign Trade and colleagues, U.S. Census Bureau
14. Cynthia Oliver, Program Manager, Office of Field Operations, Cargo, Conveyances and Security, Export Control Branch, U.S. Customs and Border Protection
15. John Bobel, Program Manager, New York Field Office, U.S. Customs and Border Protection Agency
17. Kathleen Currid, Import Specialist Branch Chief
18. Michelle Torres, Supervisory Import Specialist
19. Joanne Tesoriero, Import Specialist
20. Derrick Kearney, Program Manager
21. Ray Zizzo, Program Manager, EXODUS Unit A-TCET and others
22. Adel Osa, Vice President, (colleagues) Malca-Amit Customs House Brokers, 153-66 Rockaway Blvd, Jamaica NY 11434, USKPA Licensee
23. Jill Benedetti, Vice President, New York Office
24. Cathy Barry, Diamond and Jewelry Import Manager
25. Charles Finch, Export Supervisor
26. Brinks Global Services USA, 580 Fifth Ave, Lobby, New York, NY, USKPA Licensee
27. Mark Gershberg, Martin Hochbaum, Cecelia Gardener, Directors
29. Ronald Friedman, President and Ronnie van der Linden, Vice President, Diamond Manufacturers and Importers Association of America (DMIA) 580 5th Avenue, 20th floor, New York, NY
30. Michelle Lieber, Vice President, Lieber and Solow, 1156 Avenue of the Americas (6th Ave), Suite 401, New York, NY, USKPA licensee
31. Alan Kleinberg, Vice President and Skip Gallard, Manager, Michael Werdiger (MWI/Eloquence), 35 W. 45th St, 11th Floor, New York, NY, USKPA licensee
32. Bryan Walker, Director, Diamonds and Jewelry, Origination and Client Coverage and Kishore Lall, Global Head, Diamonds and Jewelry, Standard Chartered Bank, 1095 Avenue of the Americas, 37th Floor, New York, NY Corner of 42nd St and 6th Ave.
33. Arkadiy Davidov, Import/Export Manager, Oren Barzilay, General Counsel and Rebecca Menke, Associate Legal Counsel, Almod/Diamonds International, 592 Fifth Ave, 9th Floor New York, NY Corner 48th St USKPA Licensee
34. David Bonaparte, President and CEO and Susan Posnock, Associate Director of Public Affairs, Jewelers of America, 120 Broadway, Suite 2820, New York, NY
35. Rosa Di Tomaso, Director, Tiffany and Co., 37 Wall St. New York, NY

Department of Commerce U.S Census Bureau
36. Shirin Ahmed, Assistant Director, Economic Programs
37. Nick Orsini, Chief, Foreign Trade Division
38. Rachel Hall, Assistant Division Chief, Foreign Trade Division Data Systems
39. Diane Oberg, Assistant Division Chief, Foreign Trade Division, Automated Commercial Environment
40. Carolyn Francis, Economic Statistician, Foreign Trade Division
41. Katrina King, Economic Statistician, Foreign Trade Division
42. Archie Nelson, Economic Statistician, Foreign Trade Division
43. Michael Simmons, Economic Statistician, Foreign Trade Division
44. Blake Sanders, Chief, Systems Design and Support Branch, Foreign Trade Division
45. Lori Dickerson, Chief, Customs Systems Programming Branch, Foreign Trade Division
46. Connie Bauer, Chief, Current Systems Programming Branch, Foreign Trade Division
47. David Fox, IT Specialist, Customs Systems Programming Branch, Foreign Trade Division
48. Dennis Pham, IT Specialist, Customs Systems Programming Branch, Foreign Trade Division
Final Agenda

Kimberley Process Review Visit
United States
Washington, D.C. and New York
December 3-7, 2012

Monday, December 3

9:30 AM – 5:00 PM

9:30 AM State Department Entry- Security
2201 C St NW Washington DC 20520
Meeting Room: Rm 4477
Contact: Eileen Kane, Economic Officer
202-647-3189 (o) 202-445-5343 (cell)

Please bring a passport or photo ID

Meetings at the Department of State with U.S. government agency representatives from:

10:00-10:30 AM Department of State

Welcome: Assistant Secretary Jose Fernandez, Bureau of Economic and Business Affairs

Introductions and Overview of U.S. agencies involved in the Implementation of the Kimberley Process

Eileen Kane, Economic Officer, U.S. Coordination for the Kimberley Process

10:30-10:45 AM Break

10:45- 12:15 PM Department of Treasury

The Role of FINCEN in the Diamond Industry

Kate Zernes, Project Officer, Precious Metals, Stones and Jewels
Financial Crimes Enforcement Network (FinCEN)

The Role of OFAC in Administering the Clean Diamond Trade Act

Kimberley Brown, Enforcement Officer, Office of Foreign Assets Control

12:15-1:15 PM No host lunch at the State Department Cafeteria
1:15-1:45 PM U.S. Department of State
Overview of the U.S. Kimberley Process Certificate System

Eileen Kane and Brad Brooks-Rubin,
Office of Threat Finance and Countermeasures
Bureau of Economic and Business Affairs
1:45-2:15 PM  U.S. Agency for International Development
USAID Projects to Support the Kimberley Process

Catherine Picard,
Office of Economic Policy
Bureau of African Affairs, Department of State

2:15-2:30 PM  Break

2:30-3:15 PM  Department of the Interior
U.S. Geological Survey (USGS) and Capacity Building Projects Abroad to Support the Kimberley Process

Michael Foose, Chief, Africa and the Middle East Sections
Office of the Director, International Programs

Peter Chirico, Research Geographer

3:15-4:15 PM  Arkansas State Parks
Crater of Diamonds State Park
Murfreesboro, Arkansas
Virtual Tour- by telephone/power point

Margaret Jenks, Park Interpreter

4:15-4:45 PM  Team Discussion and Closing

Tuesday, December 4
8:30 AM-3:00 PM
8:30 AM Van departs from State Department for Team Members
C Street Entrance (C and 22nd St NW)

Meetings at the Department of Commerce/U.S. Census Bureau, Suitland, MD
4600 Silver Hill Rd. Suitland, MD – Gate 7

9:30 AM U.S. Census Bureau Entry – Security

Please bring a passport/photo ID

10:00-11:30 AM Department of Homeland Security

Participation and Enforcement in the Kimberley Process

Brian Barulich, Attorney Advisor, Penalties Branch, Regulations and Rulings, Office of International Trade and

Thomas Kendrick, International Trade Specialist, Enforcement Policy Branch

Customs and Border Protection Agency (CBP)

Hector Colon, Chief, Trade Transparency Unit, Homeland Security Investigations, Immigration and Customs Enforcement Agency (ICE)

11:30 AM-1:00 PM Department of Commerce

Statistical Tracking and Record Keeping

Carolyn Francis, Kimberley Process Coordination, Data Collection Coordination Branch, Office of Foreign Trade and colleagues, U.S. Census Bureau

Phone: 301-763-7016

1:00-2:00 PM Lunch at the Census Bureau

2:00-3:00 PM Additional Questions and Closing

Van available for return to Department of State or to National Airport – team to advise preference.

Tuesday afternoon Depart for New York City on your own.

Dinner/Overnight in hotels at participants’ expense
Wednesday, December 5

New York City

8:00 AM  Van departs from midtown Manhattan to JFK (provided)

**Millennium Broadway Hotel**

145 w 44th St between Avenue of the Americas (aka 6th Avenue) and 7th Avenues
Hotel Phone: 212-768-4400
Eileen’s cell: 1-202-445-5343

9:00 AM-12:00 Noon  Briefings by U.S. Customs and Border Protection

**Cynthia Oliver (and colleagues)**, Program Manager, Office of Field Operations, Cargo, Conveyances and Security, Export Control Branch (CBP), Cargo Building 77, J.F. Kennedy International Airport, Queens, New York
Contact: John Bobel, Program Manager, NY Field Office
Ph: 1-646-300-4675

12:00 Noon-12:45 PM  New York Pizza and Salad Lunch provided at airport

1:00-2:00 PM  Visit to Malca-Amit offices at Kennedy Airport,

**Adel Osa**, Vice President, Malca-Amit Customs House Brokers

153-66 Rockaway Blvd
Jamaica NY 11434
1-718-525-6100 x103
(Malca-Amit is a USKPA licensee)

2:00 PM  Van departs from Kennedy Airport to midtown Manhattan

3:00-4:30 PM  Visit to Brinks Global Services – NOTE CHANGE

**Cathy Barry**, Diamond and Jewelry Import Manager, Brinks Global Services USA

580 Fifth Ave, SUITE 2000 NY, NY corner of 47th St
Ph: 1-347-439-3467

(Bricks is a USKPA licensee)

Please bring a passport/photo ID for building entry

7:00-9:00 PM  Pre-fixe Dinner, Hosted by the Department of State,
Rosie O'Grady’s Restaurant
800 7th Avenue corner of West 52nd St

Thursday, December 6

9:30 AM-11:00 AM  Visit to Malca-Amit Offices and Free Trade Zone
Adel Osa and colleagues, 580 Fifth Ave, Lobby, NY, NY
Corner of 47th St

11:30 AM-1:30 PM  Lunch Meeting and Presentation
with U.S. Kimberley Process Authority Directors, Mark Gershberg, Martin
Hochbaum, Cecelia Gardener

at Gem Science International
581 Fifth Ave, 4th floor

1:45 PM-2:45 PM  Ronnie van der Linden, Vice President, Diamond
Manufacturers and Importers Association of America (DMIA) 580 5th
Avenue, 20th floor, Ph: 1-212-575-8145

Team Splits
Visit to Lieber and Solow

Michelle Lieber, Vice President
1156 Avenue of the Americas (6th Ave)
Suite 401, (Lieber and Solow is a USKPA licensee)

Visit to Michael Werdiger, Inc.

Alan Kleinberg, Vice President and Skip Gallard, Manager
35 W. 45th St, 11th Floor (Michael Werdiger is a USKPA licensee)

Visit to Standard Chartered Bank

Bryan Walker, Director, Diamonds and Jewelry, Origination and Client Coverage
and Kishore Lall, Global Head, Diamonds and Jewelry,
4:15-5:15 PM  Visit to Almod Diamonds

Arkadiy Davidov, Almod/Diamonds International
592 Fifth Ave, 9th Floor  Corner 48th St, Ph: 212-308-3600
Optional holiday walk on Fifth Avenue with Eileen

Friday, December 7
9:30 AM-11:00 AM  David Bonaparte, President and CEO and Susan Posnock, Associate Director of Public Affairs, Jewelers of America, 120 Broadway, Suite 2820
Between Cedar and Pine Sts Near Wall St
Please note that this venue is a half-hour from mid-town by taxi. If you want to take the subway, please talk to Eileen
11:00 AM-12:00 Noon  Rosa DiTomasso Tiffany and Co.37 Wall St
Ph: 212-514-8015
On your own
Exit Meeting
Diamond Manufacturers and Importers Association of America (DMIA) 580 5th Avenue, 20th floor
Phone in: 1-877-336-1829
Access Code: 9528778
Annexure – 3 : List of all Licensees with details of who is empowered to give third party KP certificates.

**U.S. Kimberley Process Licensees (As of 5/30/13)**

<table>
<thead>
<tr>
<th>Licensee Name</th>
<th>Address 1</th>
<th>Address 2</th>
<th>City</th>
<th>State</th>
<th>ZipCode</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA Diamond Treasures</td>
<td>4433 Tibbett Ave</td>
<td></td>
<td>Bronx</td>
<td>New York</td>
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<tr>
<td>Anco Industrial Corp.</td>
<td>59 Avenue of the Commons</td>
<td># 203</td>
<td>Shrewsbury</td>
<td>New Jersey</td>
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<td>Brinks</td>
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<td>New York</td>
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<td>Charles Slesinger Inc.</td>
<td>22 West 48th Street</td>
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<tr>
<td>Christopher Designs</td>
<td>42 West 48th Street</td>
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<td>DEV Industrial Corp.</td>
<td>400 SW Boca Raton Blvd.</td>
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<td>Diamond Couture</td>
<td>5486 Wydella Road, SW</td>
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<td>Lilburn</td>
<td>Georgia</td>
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<td>Diamonds By Tomasik INC.</td>
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<td>Mount Prospect</td>
<td>Illinois</td>
<td>60056</td>
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<td>Ferrari Express</td>
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<td>Suite 300</td>
<td>Houston</td>
<td>Texas</td>
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<td>Mant USA Inc.</td>
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<td>Michael Werdiger</td>
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<td>National Research Company</td>
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<td>Chesterfield</td>
<td>Michigan</td>
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<td>Rough Diamond World</td>
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<td>New York</td>
<td>New York</td>
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<td>Saint-Gobain</td>
<td>1401 E. Lackawanna St.</td>
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