

## **Suggestions for New Annual Report Template**

### **Segregate the annual report into two parts A and B .**

Part A should cover all the common information relating to institutional framework, legislative framework, statistics etc. which is unchanged since previous year.

Part B should cover all the information relating to changes that have taken in the previous year so as to facilitate better know how.

Rational- The AR template does segregate information based on the parameters listed in the AD. However different KP participants report the information in different formats. Some only refer to their previous report and indicate there are no changes, which makes the assessment difficult. We suggest that by segregating the reporting system under each parameter the reviewing participants get a gist of rules and regulations prevalent in that country.

By introducing part B under each parameter ensures that new regulations introduced are highlighted and brought to the notice of KP family

We also recommend that a document be prepared which can be similar to a manual of Best practices. This will facilitate new entrants as well as set a benchmark for existing participants.

- In accordance with Section VI, paragraph 11 of the KPCS document, Participants are to prepare, and make available to other Participants through the Chair of the Kimberley Process, information on an annual basis on the way in which they are implementing the requirements of the KPCS.
- The information submitted should make particular reference to Sections II, III, IV and V of the KPCS document, and may also include information on the extent to which Participants are making use of the Recommendations set out in Annex II of the KPCS document.
- The information submitted should follow the format set out in Annex I of the present Decision. The information should be prepared and submitted each year by 31 March, and should cover implementation of the KPCS during the preceding calendar year.
- The information related to infringements to be covered under Internal Control Section and information on RV and RM to be covered under Miscellaneous Section as it is not an annual exercise.

## **SUGGESTIONS**

- **Part A - Constant** - It can cover all the common information relating to institutional frame work, legislative frame work etc. which remains unchanged since past few years.
- **Part B - Variable** - It can cover all the information relating to changes that have taken in the previous year so as to facilitate better know how.

**Rationale-** *The AR template does segregate information based on the parameters listed in the AD on Peer Review. However different KP participants report the information in different formats. We suggest that by segregating the reporting system under each parameter the reviewing participants gets a gist of rules and regulations prevalent in that country and changes if any to the same. By introducing part B under each parameter ensures that new regulations introduced are highlighted and brought to the notice of KP family for easy reference.*

### **Assessment Matrix for the Annual Reports into two parts A and B .**

- Similar to Annual Reporting the Assessment Matrix can also be divided in two parts - Constant & Variable.
- We also recommend that a column can be added for Best Practices and after submission of all the ARs, a document can be prepared which will collate the Best Practices followed by different participants at one place.
- This will also serve as a guide to the new entrants as well as give ideas to the existing participants.

## **Section wise Recommendation**

### **A. INSTITUTIONAL FRAMEWORK**

Constant:

1. The Authority with responsibility for the implementation of the KPCS, including the full address and the names of contact persons (in accordance with Section V (a))
2. The Import and Export Authority, including the full address and the names of contact persons (in accordance with Section IV (b)).

Variable:

Changes to the above if any.

### **B. LEGAL FRAMEWORK**

In this Section, a confirmation of the legislation in place for the implementation of the KPCS should be provided, with particular reference to:

**Constant:**

1. The laws and regulations enacted or amended for the implementation of the Kimberley Process (Section IV (d)), in particular the specific legislative or administrative provisions for

- export and import of rough diamonds
- issuance of certificates
- internal controls
- penalties

**Variable:**

2. Information on changes of legislation that have occurred since the last annual report, including the text of any new legislation adopted (if any).

**C. IMPORT AND EXPORT REGIME**

**Constant:**

In this section, an overview should be given of how the undertakings in the KPCS on the international trade in rough diamonds (Sections II and III) are implemented. It should also refer to the issuance and receipt of Kimberley Process Certificates by a Participant.

Outgoing shipments

In this section information related to the procedure for issuing KP certificates, Evidence an exporter have to provide in order to prove that the rough diamonds being exported have been handled in accordance with the KP and are not conflict diamonds, No of certificates issued etc need to be covered.

Incoming shipments

Describe the sequence of events for an incoming shipment from the physical entering of the shipment in your territory to the validation of the Certificate, with particular emphasis on the procedure followed, dispatch of import confirmation slips etc.

**Variable:**

Changes to the above if any. If the changes are due to any amendments to legal framework the reference to be made in the concerned section also.

**D. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION**

**Constant:**

In this section, a description of the internal system of controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds, as stipulated by Section IV

(a), may be given. In drawing up this information, reference could, among other things, be made to the options and recommendations for internal controls as elaborated in the KPCS document.

**This part will cover measures taken by the Participant for strengthening Internal Controls such as regulations, awareness seminars, workshops for industry players, status of infringements done till previous year etc.**

**Variable:**

Changes to the above if any. Activities undertaken during the review period. For example: The Infringements done during the Review Period, Programs conducted during the period etc.

**E. STATISTICS**

**Constant:**

In this section, information supplementing the data already submitted to the Chair of the Working Group on Statistics in accordance with the provisions specified by Annex III of the KPCS may be submitted. This information might also refer to procedural and methodological questions. The statistical data submitted in accordance with Annex III are considered to be part of the annual report.

The information on statistics should be consistent with the statistical information on the WGS website, and should, ideally, at least refer to certificate counts, total trade value or total volume. In the Statistics Section in the Annual Report it is recommended to replicate, as far as possible, the templates/tables available on the KP Statistical Website so that Participants could give the statistical data in a uniform format. (see Annex II of this document). **The previous years' historical data if desired can be included in this section.**

**Variable:**

Observations and Data pertaining to the Review Period will be included in this sections.

Along with quantitative data, the dynamic difference - increase or decrease ( in percentage) - in production, import and export volumes, and KPC counts could be mentioned.

It would be highly advisable that for all data reported the reference date and source of the data would be mentioned.

**F. IMPLEMENTATION OF RECOMMENDATIONS OF KIMBERLEY PROCESS REVIEW VISITS AND/OR REVIEW MISSIONS**

**This part will also cover information on Review Visit or Review Mission if any, undertaken in the Participant Country during the Review Period.**

**Next year's annual report will cover follow-up measures undertaken for recommendations of the RV / RM.**

#### **G. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT**

#### **H. MISCELLANEOUS**

In this section, experiences, observations, problems (and solutions) or additional information related to the implementation of the KPCS can be noted with a view to improving the overall functioning of the Scheme and to establish a “best practice” policy.

Information on irregularities encountered or non-compliance with the KPCS by other Participants may also be supplied in this section.

**ANNEX I:** Annual Report template

**A. INSTITUTIONAL FRAMEWORK**

<i>Part A: Constant</i>	<i>Part B: Variable</i>
<p>The Authority with responsibility for the implementation of the KPCS (KP focal point), Import and Export Authorities, including full address, e-mail addresses and names</p> <p>Ministry of Economy and Industry Office of the Diamond Controller Mr. Ophir Gore Diamond Controller 3 Jabotinsky Road Ramat-Gan 52520 ISRAEL Tel: 972-74-7502747 Email: <a href="mailto:Ophir.Gore@Economy.gov.il">Ophir.Gore@Economy.gov.il</a></p> <hr/> <p>Ministry of Economy and Industry Office of the Diamond Controller Ms Dikla Gershoni Deputy Diamond Controller 3 Jabotinsky Road Ramat Gan 52520 ISRAEL Tel: 972-74-7502740 Email: <a href="mailto:Dikla.Gershoni@economy.gov.il">Dikla.Gershoni@economy.gov.il</a></p> <hr/> <p>Ministry of Economy and Industry Office of the Diamond Controller Operating as customs office authorized by the authority in Israel Import &amp; Export Room Ramat Gan 52520 ISRAEL Tel: 972-74-7502753 Names of Contact Persons Mrs. Leora Ovadia Nakav - Email: <a href="mailto:Leora.nakav@economy.gov.il">Leora.nakav@economy.gov.il</a> Mr. Mark Feldman – Email: <a href="mailto:Mark.Feldman@economy.gov.il">Mark.Feldman@economy.gov.il</a></p>	<p>Changes since the last Annual report</p> <p>No changes</p>

## B. LEGAL FRAMEWORK

Part A: <u>Constant</u>	Part B: <u>Variable</u>
<p>The laws and regulations enacted or amended for the implementation of the Kimberley Process, in particular for:</p> <ul style="list-style-type: none"> <li>- export and import of rough diamonds</li> <li>- issuance of certificates</li> <li>- internal controls</li> <li>- penalties</li> </ul> <p>a) <i><u>Diamond Control Decree – 1979.</u> All importer/exporter who deals with diamonds has to be registered in Israel at the Diamond Control Office and must hold a valid diamond licence as required by the Israel Diamond decree. Every exporter/importer has an I.D. number of the company which will identify whether the company holds a valid licence to do trade in export/import.</i></p> <p>b) <i><u>Import Decree 2014 – regulations on import of rough diamonds</u> Import of rough diamonds must be accompanied by a KP Certificate and must be from a country that is a member of the Kimberley Process.</i></p> <p>c) <i><u>Free Export Decree 2022 – regulations on export of rough diamonds</u> Export of rough diamonds is allowed only with an issued KP Certificate and may be exported out only to countries that are members of the Kimberley Process.</i></p> <p>d) <i>The Ministry of Industry, Trade and Labor Guidelines of the Director General 10.1 issued on 25.12.2002 (amended in 2007). Trade in Conflict Diamonds – Issuance of Approval and Documents in Compliance with the Kimberley Process</i></p> <ul style="list-style-type: none"> <li>- <i>Guideline states the Diamond Control Office as "Designated Authority"</i></li> <li>- <i>Import/Export must be accompanied by a KP Certificate.</i></li> <li>- <i>Import/Export of rough diamonds is only allowed from and to Participants of the Kimberley Process.</i></li> <li>- <i>Import of rough diamonds which is imported without a KP Certificate will be confiscated and will be fined according to the law.</i></li> <li>- <i>Export of rough diamonds which is exported out without a KP Certificate will also be fined according to the law.</i></li> </ul> <p>e) <i>Books and pamphlets in Hebrew were distributed to diamonds dealers with information on the regulation of Kimberley Process.</i></p> <p>f) <i>During the months October, November and December 2002, seminars and meeting were arranged giving explanations and details to the diamond dealers on rules of Kimberly Process and how they should act when doing import/export of rough as at 1<sup>st</sup> January, 2003</i></p>	<p>Changes since the last Annual report.</p>

## C. IMPORT AND EXPORT REGIME

<i>Part A: <u>Constant</u></i>		<i>Part B: <u>Variable</u></i>
C/1 Outgoing shipments	<p>Procedure for issuing KP certificates, exporter declaration, number of certificates issued</p> <p><i>Before the authority issues the Kimberly Certificate for export of rough diamonds, the following conditions must be met:</i></p> <p>a) <i>The Israeli exporter issues an export document stamped with his company's name and his I.D. number. Each diamond dealer has an I.D. number. When the authorized person enters his I.D. into the computer, it will verify if he is registered in Israel and owns a license from the Diamond Controller.</i></p> <p>b) <i>The Israeli exporter provides two invoices, which should state, all the necessary details, i.e. description of goods, carat, value, name and address of importer and exporter and his invoice should bear his declaration that the rough diamonds which are being exported are not "conflict diamonds" and then the documents are stamped before the authorized body.</i></p> <p><i>The office of the diamond controller is also the only customs-station in Israel for exports and imports of diamonds. This station operates with three experts who are diamonds evaluators.</i></p> <p><i>The exporter has to provide his declaration to the office of the Diamond Controller (Ministry of Economy and Industry), that the goods of rough diamonds which are being exported from Israel are conflict free</i></p> <p><i>all rough diamonds are sealed in tamper proof plastic bag with serial numbers together with the original KP Certificate which is stamped with an official stamp by the Diamond Controller</i></p> <p><i>Israel sends advance notification of shipment upon request: Armenia, Ukraine, India, Bulgaria, China, and Singapore are the countries that requested our advance notification of export.</i></p>	<p>Changes since the last Annual report</p> <p>No changes</p> <p>Four Technical KP Certificates were issued:  (1) KPC IL56445 issued on 01.06.2023 to India  (2) KPC IL56566 issued on 25.06.2023 To Belgium  (3) IL56719 issued on 10.08.2023 to Thailand  (4) KPC IL56935 issued on 31.10.2023 to the USA</p>



C/2 Incoming shipments	<p>Procedure on handling incoming shipments, import confirmation</p> <ul style="list-style-type: none"> <li>a) <i>Each import of rough diamonds has to go through the customs office for evaluation and for the release of the diamonds</i></li> <li>b) <i>The diamond evaluator checks that the parcel is sealed and has not been tampered with.</i></li> <li>c) <i>The shipment must be accompanied by an original KP certificate and an invoice stating the description of the rough diamonds.</i></li> <li>d) <i>The KP Certificate and the invoice are checked to verify that <b><u>the details on both documents - match.</u></b></i></li> <li>e) <i>The shipment is then opened by the diamond evaluator who will examine the contents of the shipment and will verify that the details on the certificate match the content of the shipment. If all matches, then he stamps both the invoice and certificate with an official customs stamp.</i></li> <li>f) <i>The custom officer types and records all imports of rough diamonds into the computerized database. Each original KP Certificate is attached with the relevant invoice and is later taken up to the Controller office and filed by dates and is being kept for three years.</i></li> <li>g) <i>The Import confirmation is sent to all the relevant export authorities via email once a month.</i></li> </ul>	<p>Changes since the last Annual report</p> <p>Israel received one Technical KP Certificate for the year 2023.</p> <p>1. UAE KP Certificate Number AE144889 issued on 27/03/2023.</p>
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#### D. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

Part A: <u>Constant</u>	Part B: <u>Variable</u>
<p>Description of the internal system of controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds, as stipulated by Section IV (a). In drawing up this information, reference could, among other things, be made to the options and recommendations for internal controls as elaborated in the KPCS document</p> <ul style="list-style-type: none"><li>- <i>There exists a functioning of a voluntary system of Industry Self Regulation.</i></li><li>- <i>The authority that maintains the registration and licensing is the office of the Diamond Controller – Ministry of Industry, Trade and Labor under the control of diamonds import – export decree 1979. The licensing is updated yearly and contains the following information: name, address, nationality, I.D. number and Shareholder. Before being legible for a license:</i><ul style="list-style-type: none"><li>a) <i>One must prove that his has obtained four years' experience in the diamond business.</i></li><li>b) <i>Recommendations needed from two senior diamond dealers.</i></li><li>c) <i>Proof of financial capacity from one of the authorized banks for diamonds.</i></li><li>d) <i>To appear at the license issuers committee.</i></li></ul></li></ul>	<p>Measures taken to strengthen internal controls (regulations, infringements procedures, etc.)</p>
<p><b><u>Records Keeping</u></b></p> <ul style="list-style-type: none"><li>- <i>The designated Authority (Diamond Controller) keeps records of Import/Export of KP Certificates for 3 (three) years, as well as entering all Import/Export of rough diamonds on a computerized database.</i></li></ul> <p><i>Details of each transaction include:</i></p> <ul style="list-style-type: none"><li>- <i>KP Certificate Number</i></li><li>- <i>Date of import/export</i></li><li>- <i>Name of Importer/Exporter</i></li><li>- <i>I.D. Number</i></li><li>- <i>Carat and U.S.\$ Value</i></li><li>- <i>H.S. Code</i></li><li>- <i>Country which shipment is exported to/Country which shipment arrived from.</i></li></ul> <p><i>The importer/exporter is required to keep and file copies of all the import/export of KP Certificates for 3 years as required by law.</i></p>	<p>No changes</p>

## E. STATISTICS

<u>Part A: Constant</u>	<u>Part B: Variable</u>
Information supplementing the data already submitted to the Chair of WGS The previous years' historical data (optional)	reporting period data with reference dates
<i>Israel has filled in the templates for all four quarters, which have been uploaded to the KP Statistics Website so that it is published and shown to the KP Member participants.</i>	<b>The year 2023</b>

## F. IMPLEMENTATION OF RECOMMENDATIONS OF KIMBERLEY PROCESS REVIEW VISITS AND/OR REVIEW MISSIONS - only for reporting period

- Information on Review Visit or Review Mission if any, undertaken in the Participant Country during the Review Period
- Follow-up measures undertaken for recommendations of the RV / RM

## G. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT - only for reporting period

### H. MISCELLANEOUS – only for reporting period

- Experience, observations, problems (and solutions) or additional information related to the implementation of the KPCS to establish best practices
- Information on irregularities encountered or non-compliance with the KPCS by other Participants
- Follow-up to previous annual report assessment

1. On 16/03/2023 Israel issued a KP certificate for the export of rough diamonds to the UAE. This shipment was inspected by the import customs office and a discrepancy was found in the carat due to a mistake in the calculation by the Israeli company. This was solved by returning the goods to Israel with a UAE Technical KP Certificate Number AE144889 issued on 27/03/2023. Upon arrival of this shipment, a new Israeli KP Certificate was issued (IL00056239). (Israeli initial KPC IL00056187 was cancelled).
2. (5/2023) A shipment of rough diamonds arrived in Israel from India (KP NO. HO-MUM/80143643). This shipment could not be released to the importer as the company did not hold a permit license for trading rough diamonds, so the goods were returned to India with an Israeli Technical KP Certificate (IL00056445 issued on 01.06.2023).
3. (19/06/2023) A shipment arrived in Israel from Belgium with an invoice stating Polished diamonds. Upon inspection of the goods by the inspector at the customs office, it was found that the goods were rough and not polished diamonds. After several communications, it was agreed that a Technical KP Certificate (IL00056566) be issued for the return of the rough diamonds back to Belgium.

4. 19/07/2023. A shipment arrived in Israel from Liberia. Upon inspection of the goods, our Israeli evaluators found that two parcels that were stated on the KP Certificate as Industrial diamonds should have fallen under the category H.S. Code 7102.31 instead of 7102.21. We contacted the Liberia authority and they confirmed that one parcel (39.64 cts) may be amended to 7102.31 and the other one (27.15 cts) remained as industrial diamonds.
5. On 6<sup>th</sup> August 2023 a shipment of rough diamonds arrived in Israel accompanied by a Thailand KP Certificate TH140308661200037. The inspectors at the customs office found that the value was too high for the goods, estimating that the goods were worth US\$75.00 per carat instead of US\$745.- After several emails, it was agreed by both the export and import authorities, that the goods be returned to Thailand with an Israeli Technical KP Certificate. (IL56719 issued on 10/08/2023).
6. 31/10/2023 - A shipment from the USA was imported into Israel with a USA KP Certificate (US34301). Upon inspection of the goods, it was confirmed that the goods were polished diamonds. Therefore, Israel issued a Technical KP Certificate number IL56935 to return the shipment to the USA.

## **ANNEX II**

### **TEMPLATES TO PROVIDE STATISTICS**

Based on the templates/tables available on the KP Statistical Website

**TABLE -1: OVERVIEW OF PRODUCTION - IMPORT - EXPORT DURING THE LAST 5 YEARS.**

	Production			Import			Export		
Period	Volume, cts.	Value, US\$	US\$/cts.	Volume, cts.	Value, US\$	US\$/cts.	Volume, cts.	Value, US\$	US\$/cts.
2019	0	0	0	9333500.06	2202391575.89	235.96	6364352.73	1894628412.15	297.69
2020	0	0	0	6421507.70	1392093107.02	216.78	4110449.12	1133131144.13	275.67
2021	0	0	0	8789356.20	2306701691.38	262.44	7561295.36	2073870925.63	274.27
2022	0	0	0	7167942.69	1978906208.33	276.07	6368755.28	1782800561.37	279.92
2023	0	0	0	5451685.98	1093645735.19	200.60	4062463.78	905423669.19	222.87

Source: Data from Participant's Statistical Tables from WGS Website .

**TABLE - 2: OVERVIEW OF KPC COUNT FOR IMPORT/ EXPORT DURING THE LAST 5 YEARS.**

	KPC Counts		
PERIOD	IMPORT	EXPORT	TOTAL
2019	4286	2889	7175
2020	2069	1474	3543
2021	2758	2135	4893
2022	2715	1670	4385
2023	2034	1110	3144

Source: Data from Participant's Statistical Tables from WGS Website