

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS**



**A REPORT ON KIMBERLEY PROCESS CERTIFICATION
SCHEME FOR TANZANIA**

YEAR 2015

29 MARCH, 2016

DAR ES SALAAM

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1. INTRODUCTION

Tanzania has continued to monitor and control diamond production and trading to make sure that the Kimberley Process Certification Scheme (KPCS) principles and procedures are followed properly for the country to remain compliant.

Pursuant to the Administrative Decision on Procedures for Respecting confidentiality within the Kimberley Process (KP) adopted in November, 2010, Tanzania does not wish to identify any statement or element of this report as "KP ONLY". Thus, Tanzania requests that this report be published on the public-facing portion of the KP website.

INSTITUTIONAL FRAMEWORK

Kimberley Process Office situated in the Ministry of Energy and Minerals is responsible for the implementation of KPCS. Import and export of rough diamonds is under the authority of the Commissioner for Minerals. The Kimberley Process Office forms part of the Mineral Economics and Trade Section which is under the Assistant Commissioner for Minerals assisting the Commissioner for Minerals in administering the KPCS activities. The Ministry of Energy and Minerals office located at 5 Samora Machel Avenue, P.O BOX 2000, 11474 DAR ES SALAAM, TANZANIA. Telephone No: +255 22 2117156, Fax: +255 22 2116719 and E-mail: tanzaniakpcs@mem.go.tz

The Commissioner for Minerals is assisted by a total of sixteen (16) Assistant Commissioners among which, ten (10) of them assist in administration of the Mining Act, 2010 and its Regulations in the specified Zones while others assist in administering Licensing and Mineral Rights Management; Small Scale Mining Development; Mines Inspection; Mines Explosives Management; Mineral Beneficiation and Value Addition and Mineral Economics and Trade. Eng. Ally B. Samaje (Acting Commissioner for Minerals) and Mr. Salim S. Salim (Assistant Commissioner for Minerals) are the contact persons to the Ministry assisted by Eng. Siri Kondo who is currently a focal point.

2. LEGAL FRAMEWORK

- According to the Mining Act, 2010, mining and trading of all types of minerals including rough diamonds should be done by the authorized miner or licenced dealer. A holder of Mineral Dealing Licence is allowed to buy and sell or export minerals under the licence. Holders of Mining License are not allowed to buy minerals including rough diamonds but they can sell and export only the minerals sought under their licences. Both authorized miners and dealers are required to keep records accounting for all transactions of sales and purchases and submit monthly returns to the respective Zonal Mines Offices.

- The exporters fill the application form DTF 1 contained in the First Schedule of the Mining (Diamond Trading) Regulations, 2003 which shows quantity and value of diamonds to be exported and give details of destination and point of exit. Likewise, they have to declare that rough diamonds being exported do not contain conflict diamonds. Application for a KP certificate to export rough diamond should be accompanied by prescribed fee.
- Certificate to export rough diamond is issued after the diamonds have been examined, weighed and valued by the Commissioner for Minerals or any person authorized by him to do so.
- All rough diamond exported are packed in a tamper proof container sealed with official Ministry stamp with a specified number together with plastic seal having serial numbers. The Sealed parcel is accompanied by KP Certificate of which indicates the origin of rough diamonds, means of transmission and the final destination to which the minerals are to be exported.
- After issuance of the KP Certificate, the focal point sends an official email to the importing authority confirming diamond export indicating carat weight, value in USD, name/address of exporter and importer, serial number of the certificate, parcel gross weight and serial number indicated to the plastic seal.

Penalties

Any person who contravenes any of the provision in the Act or Regulations commits an offence and liable:

- a. In case of an individual to imprisonment for a term not exceeding five years or to a fine not exceeding US Dollar twenty thousands (US\$ 20,000) or to both.
- b. In case of body corporate, to a fine not exceeding US Dollar one hundred thousand (US\$ 100,000)
- c. Forfeiture his license and permanently be disqualified from prospecting, mining or dealing in diamond and other minerals.
- d. All minerals caught being exported illegally, are subject to be forfeited by the Commissioner for Minerals.

3. EXPORT AND IMPORT REGIME

In 2015; among other countries, United Arab Emirates and European Union are the major importers from Tanzania with 18 and 12 number of KPC issued respectively which accounts for 58% of KPC issued.

In 2015, we have imported one parcel from Russian Federation and re-exported to the United Arab Emirates.

All import and export records are stored in a computerized excel sheets indicating name of exporter, KPC number, date of issuance, carat weight, value and royalty paid.

In 2015, Tanzania issued a total of 52 Kimberley Process Certificates with decrease in production compared to 73 KPC in

2014. The decrease in KPC Count was mainly caused by decline in exports by diamond dealers.

Before issuance of Certificate the exporter of rough diamond must submit a valid Dealer's License/Mining License which allows him to export minerals outside Tanzania. The Dealer's License indicates full address, type of minerals, the location of premises and signature of respective Zonal Mines officer. The exporter fill application form to apply for certificate as explained above, the form indicates license type, weight, value, source of diamond to confirm that diamond are conflict free, place of export and declaration of exporter by putting his signature, name and qualification.

4. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

The Mining Act, 2010 and its Regulations, emphasize the control and monitoring of diamond production and exports. Both legislations have improved monitoring in the sense of record keeping and control of diamond trading by introducing a dealer's licence for Diamonds under the mineral trading licences to provide a room for improving the Diamond Industry in Tanzania. For strengthening internal controls, seminars for Small Scale Miners and Mineral dealers were conducted in the areas where diamonds are found. Inspection of Large and Small Scale Mines and Diamond Dealers was also conducted during the year to ensure compliance.

According to the Mining Act, 2010; it is prohibited to possess any mineral including rough diamond unless you possess a Mining Licence, Dealer Licence and/or Broker Licence. The Ministry keeps a computerized database for all holders of Diamond Mining Licences, Dealer licences and Broker Licences. As it has been mentioned above, the import and export records are stored in a computerized excel sheets. Tanzania continues to communicate electronically with other KP participants through official email addresses.

All rough diamonds from the mines bought by licensed dealers who come to the KPCS office for valuation and issuance of KPC, they pay application fees and royalty through government bank accounts and no cash payments are allowed. Tanzania was able to receive back most of its KP Certificates Confirmation Slips from its major trading partners mostly from U.A.E., Israel and EU.

Tanzania Kimberley Process Office is working closely with the Tanzania Mineral Audit Agency (TMAA), Tanzania Revenue Authority's Customs Department and the Police Force. For strengthening our internal control, we have established the Ministry desk with competent staff at Tanzania three main airports to make sure that all mineral parcels exported from Tanzania are accompanied by KP certificates and royalty paid to the government. This has been enabling the government to monitor and control illegal diamond trading and smuggling.

5. ROUGH DIAMOND STATISTICS

Tanzania submitted and published a complete statistical data to the KPCS website for the year 2015. According to the data submitted Tanzania has not traded with any non-participant.

In 2015, Tanzania produced and exported a total of **216,909.49 carats** of rough diamonds and valued **58,768,313.85 USD** from Large, Medium, Artisanal and Small Scale producers (see Table 1 below). This year's diamond production has decreased by 14% as compared to previous year's total production.

WDL (Williamson Diamond Mine), the Large Scale Mine produced **191,407.00 carats** and valued **53,339,351.91 USD** out of the total production which contributed to about 88% of total production by volume. It is worth noting that WDL mine produced beautiful rare pink diamonds which boosted up price per carat of diamonds. However, El-Hillal Minerals, the medium scale diamond produced **16,154.86 carats** and valued **4,213,239.62 USD** of diamonds which accounts for 7% of total production by volume and the remaining 5% (**9,334.86 carats**) has been contributed by small-scale producers. WDL Export decrease in 2015 compared to the last year, this was attributed by decrease in prices of rough diamond to the world market which resulted WDL to stock diamond waiting for the prices to rise. However, Export from Dealers decreased in 2015 due to low production by small scale miners.

Table 1.

Tanzania Exports 2015			
Trading Partners	Sum of Volume (Carats)	Sum of US Value (US\$)	KPC Counts
Australia	13.30	9,622.13	2
European Union	191,727.64	53,424,882.62	12
India	513.23	23,367.48	1
Israel	392.82	212,437.14	6
South Africa	55.52	12,666.90	1
Switzerland	825.45	127,012.31	3
Ukraine	1,289.37	220,134.74	3
United Arab Emirates	21,959.71	4,661,433.33	18
United States of America	132.45	76,757.2	6
Grand Total	216,909.49	58,768,313.85	52

The Top two countries by import volume (carats) from Tanzania were the United Arab Emirates (21,959.71 cts) and European Union (191,727.64 cts). They represent 98 percent of the total export by volume (carats) of rough diamond shipment in 2015. (See Table 2 below).

Table 2.

Top two KP Participant Exports by Volume (carats)		
Trading Partner	Sum of Volume (carats)	% of Total Volume (carats)
European Union	191,727.64	88.4%
United Arab Emirates	21,959.71	10.1%
Total	213,687.35	98.5%
All other participant	3,222.14	1.5%
Grand Total	216,909.49	100%

Tanzania has met all of the statistical reporting requirements in accordance with Annex III of the Kimberley Process Certification Scheme document.

6. IMPLEMENTATION OF RECOMMENDATIONS OF THE KIMBERLEY PROCESS REVIEW VISIT/REVIEW MISSION

Tanzania continues to implement various recommendations of the 2006 KP Review Visit, including close monitoring and control of diamond in Large/Medium scale mines, enforcement of internal controls and existing Mining Laws and others. Tanzania expects a KP review visit in April, 2016 for the second time.

7. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT

Tanzania has always cooperated with her trading partners; there were several cases of seizing the shipment to the countries imported diamonds from our country due to fake KPC. The government made an effort dealing with those companies who are making fake KPC by announcing them through magazine, newspaper and the Ministry website for the public to be aware.

8. MISCELLANEOUS

The KPCS activities are implemented by the Government Officials appointed by the Commissioner for Minerals to oversee and monitor the diamond production and trading activities as required by the Diamond Trading Regulations and KPCS rules and procedures.

The office of the Kimberley Process has three (3) Focal Points including: the Acting Commissioner for Minerals, The Assistant Commissioner for Mineral Economics and Trade Section, and Assistant to the Commissioner for Minerals on KPCS activities who are currently signatories to KPCS. It comprises of six (6) signatories authorized by the Commissioner for Minerals to issue Kimberley Process Certificates.