

2014 - U.S. Annual Report to the Kimberley Process
As of March 2015

This annual report is submitted to the Working Group on Monitoring on behalf of the United States. The report was prepared by the United States Department of State, in conjunction with representatives from other U.S. government agencies.

Pursuant to the Administrative Decision on Procedures for Respecting Confidentiality within the Kimberley Process (KP) adopted in November 2010, the United States does not wish to identify any statement or element of this report as “KP ONLY.” Thus, the United States requests that this report be published on the public-facing portion of the KP website. It will also be made available on the U.S. Department of State website devoted to the KP and United States KP implementation: <http://www.state.gov/e/eb/tfs/tfc/diamonds/index.htm>

A. INSTITUTIONAL FRAMEWORK

In 2003, the Clean Diamond Trade Act (Public Law 108-19) (CDTA) established a Kimberley Process Implementation Coordinating Committee to coordinate implementation of the CDTA. This U.S. government interagency committee includes officials from the United States Department of State, the United States Department of the Treasury, the United States Department of Commerce, the United States Department of Homeland Security, and the Office of the United States Trade Representative. Provisions of the CDTA are carried out by several U.S. government agencies and the private U.S. Kimberley Process Authority (USKPA). U.S. entities involved in implementation of the CDTA and points of contact include:

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B. LEGAL FRAMEWORK

The CDTA provides the legal framework pursuant to which the United States implements the Kimberley Process Certification Scheme (KPCS); see <http://www.gpo.gov/fdsys/pkg/BILLS-108hr1584enr/pdf/BILLS-108hr1584enr.pdf>. The CDTA is further implemented by Executive Order 13312 (July 29, 2003). Pursuant to this Executive Order, the Department of the Treasury's Office of Foreign Assets Control (OFAC) issued the Rough Diamonds Control Regulations, on September 23, 2004 (31 CFR Part 592). The regulations have subsequently been amended, most recently on July 1, 2012. The complete text of the Regulations can be accessed at: <http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol3/pdf/CFR-2012-title31-vol3-part592.pdf>

The Census Bureau issued regulations on Automated Export System (AES) reporting requirements for rough diamond shipments in October 2003 (15 CFR Part 30), but these were amended most recently on March 14, 2013. The complete text of the Regulations can be accessed at <http://www.census.gov/foreign-trade/regulations/index.html>. Updated lists of KP Participants are published periodically in the U.S. Federal Register. U.S. Customs and Border Protection (CBP) of the Department of Homeland Security issued a Final Notice in 2013 that implemented regulations on the prohibitions and conditions applicable to the importation and exportation of rough diamonds. Additional information about this Notice is included in Section C below.

For more information on the legal framework for U.S. implementation of the KP, see <http://www.state.gov/e/eb/tfs/tfc/diamonds/index.htm>.

C. IMPORT AND EXPORT REGIMES

While CBP is the principal interdiction agency in the United States for the KP and the CDTA, primary investigative responsibilities and duties are the responsibility of U.S. Immigration and Customs Enforcement, Office of Homeland Security Investigations (ICE/HSI). .

The vast majority of rough diamonds imported into the United States enter into the territory covered by the New York Field Office. In September 2014, CBP and ICE headquarters personnel traveled to J.F. Kennedy International Airport in New York City and met with local CBP and ICE staff to discuss local and national issues

concerning the KP. CBP and ICE are continuing to work together to address identified deficiencies.

Customs and Border Protection (CBP) conducted a nation-wide operation from August 1, 2013 through July 31, 2014, during which time diamond shipments were examined to determine compliance with the KP and CDTA. The operation focused on merchandise attempting to avoid KP/CDTA requirements that arrived from high-risk countries. No KP/CDTA violations were discovered, but findings indicated that some shipments were incorrectly classified.

CBP's laboratory support services purchased three additional screening tools in 2014. These tools are being used for screening minerals and gemstones to aid in the determination of their composition and identification.

CBP receives numerous requests for information from prospective importers and the public about KP requirements, including requests to review KP Certificates for authenticity. CBP works with the Department of State to provide feedback to the prospective importer. CBP was able to prevent importers from making purchases that involved fraudulent certificates on at least eight occasions and referred those matters to Immigration and Customs Enforcement (ICE) for possible investigation.

During 2014, CBP staff in New York obtained additional in-depth training on jewelry and gemstones to enhance their expertise, including training on rough diamonds through the special United States Federal Bureau of Investigation (FBI) course for law enforcement officials at the Gemological Institute of America in California (GIA). CBP also reached out to the Gemological Institute of America laboratory and diamond and jewelry companies in New York in order to make new industry contacts and to increase awareness of the KP requirements.

In 2012 and 2014, ICE/HSI partnered with the FBI and GIA to provide training to law enforcement agents involved in investigating jewelry-related crimes. Past attendees have included members of the FBI, ICE/HSI, U.S. local police departments, and foreign law enforcement agencies from Asia and Africa. Two courses were held in 2014. One was at GIA headquarters in California and included law enforcement officials from several U.S. agencies and Belgium and the second course was held in Hong Kong with law enforcement officials from Hong Kong and Taiwan. The two-week specialized training course was designed and developed by the FBI and GIA specifically for the international law enforcement community. This training is the only training of its kind in the world. The FBI plans to hold the course on an annual basis if funding is available.

Jewelry and gem investigations can be extremely complex and require a specialized knowledge of the jewelry industry and how it operates, including: an in-depth understanding of the modus operandi of sophisticated criminal enterprises, the fencing process, the retail jewelry industry, the language of diamonds/gems, the Kimberley Process, and the flow of diamonds and gems from the mine to the market. Specific knowledge as it relates to the identification of diamonds and gems, how value is determined, how stones are graded and tracked, identification of precious metals, hallmarking of jewelry and watch identification are just a few of the skills taught at the GIA training course.

For information purposes only: The U.S. Department of the Treasury's Internal Revenue Service (IRS) Small Business/Self Employed Division, under the examination authority delegated by the Financial Crimes Enforcement Network (FinCEN), continues to examine dealers in precious metals, precious stones, and jewels for violations of the Bank Secrecy Act under 31 CFR Part 1027. In conjunction with the IRS, FinCEN takes a risk-based and research-driven approach to identifying targets for examination. During 2014, FinCEN has increased targeted examinations in the precious metals, precious stones, and jewels sectors based on data-driven research by its Intelligence Division.

Outgoing Shipments

The U.S. system provides that the Census Bureau of the U.S. Department of Commerce, as the KP Exporting Authority, publish export reporting requirements for all shipments of rough diamonds. Shipment information must be reported in the Automated Export System (AES) and is maintained by the Census Bureau. The Internal Transaction Number (ITN) generated by the AES that is assigned to a shipment confirms that the Export Electronic Information was accepted and is on file in the AES. The ITN must be documented on the U.S. KP Certificate, which constitutes U.S. government validation per federal regulations 31 CFR 592.301.

The USKPA provides KP Certificates for rough diamond exports. It issued a new version of the U.S. KP Certificate (including a line for country of origin) that replaced the old certificates in November 2014. All old certificates were destroyed.

The USKPA currently has licensing agreements with 17 entities that are allowed to issue KP certificates. Four firms are customs brokers and can issue KP Certificates to third parties. Several licensees undergo on-site performance reviews each year.

The results of the reviews are included in the “Annual Review of the Practices and Procedures of the USKPA” report, which is sent to the Department of State and is included in the Department’s report to the U.S. Congress in July of each year. The Department of State, which also visits licensees, visited eight licensees during 2014 to review their procedures and recommend improvements.

USKPA licensees issued 1,098 KP Certificates for exports in 2014 and the Department of State issued one technical certificate. The USKPA also maintains a database used by licensees to immediately report issuance of KP certificates.

During 2014, the Department of State convened seven meetings/teleconferences with USKPA representatives and its licensees to provide an opportunity for U.S. government agencies to communicate concerns or guidance directly to exporters, as well as to respond to questions and requests for information posed by the exporting community. These calls produce important compliance discussions and help enable closer coordination with, and oversight of, the private sector.

To complement existing activities, the Department of Homeland Security, through CBP, continues to conduct examinations of targeted rough diamond export shipments. In 2014, CBP conducted eight inspections of outbound shipments.

Incoming Shipments

CBP is the Importing Authority responsible for implementing, enforcing, and monitoring provisions of the CDTA.

CBP headquarters issues guidance to field personnel when any KP-related risk is identified or when KP regulations and/or membership changes. In 2014, CBP issued four notices to field personnel on changes and/or risks. In April 2014, a notice was provided to field personnel with highlights of the requirements and responsibilities of the KP through the CDTA.

A joint Fraud Warning about fake KP certificates from Sierra Leone, Ghana and Guinea was posted in May 2014 on the Department of State and CBP websites to notify the rough diamond trade community. <http://www.cbp.gov/trade/trade-community/programs-outreach/conflict-diamonds/fraud-warning>

During 2014, CBP reviewed the documentation for all rough diamond shipments presented and conducted 121 physical inspections of inbound shipments. These

examinations covered 50 different importers of record. CBP made one seizure, described in Section G below.

CBP cooperates with the Department of State and the Census Bureau to reconcile trade statistics for imported rough diamonds shipments. CBP has developed an internal database to review trade data for anomalies prior to the information being shared. In 2014, CBP was able to identify and resolve errors with ten shipments that involved electronic submissions with erroneous information.

D. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

In order to strengthen implementation of the KP, the U.S. diamond industry has implemented a system of warranties for rough and polished diamonds and jewelry containing diamonds. Under this system, all buyers and sellers of rough and polished diamonds make the following statement on their invoices:

“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

Several major U.S.-based jewelry retailers publish policies on conflict diamonds on their websites. U.S. jewelry trade associations, such as Jewelers of America, have developed codes of conduct that list member obligations regarding compliance with the KP. The Department of State supports and promotes industry’s enhanced due diligence and related voluntary efforts.

Officials from the Department of State, CBP, and the Census Bureau contacted and visited numerous diamond companies and industry groups during 2014 to discuss the KP, industry’s internal compliance efforts, and other related issues. To promote KP compliance and awareness, the Department of State’s Assistant Secretary for Economic and Business Affairs Charles Rifkin hosted a Diamond and Precious Stones Roundtable at the Department of State with two dozen U.S. diamond and jewelry industry representatives in October 2014. The Assistant Secretary also delivered a speech emphasizing the importance of a transparent supply chain and responsible sourcing of gems and precious metals in November 2014 at the Bharat Diamond Bourse in Mumbai, India.

E. STATISTICS

On January 1, 2009, the United States assumed the Chair of the KP's Working Group on Statistics (WGS). In this capacity, the United States provides direct leadership to the efforts of the WGS to improve the submission and analysis of statistical data. This position is delegated to the Census Bureau, which continues to maintain the website it constructed to host the global KP statistical data and works to develop other functionalities necessary for to the WGS. These include the adoption of a new Administrative Decision concerning KP data; the development of a new "statistical anomalies" process; the methodology for the preparation, review, and analysis of KP statistical data; and the adoption of the revised Terms of Reference for the WGS. The U.S. Geological Survey (USGS) also conducts reviews of statistical submissions from KP Participants as part of its technical assistance work.

In addition to its role as Chair of the WGS, the Census Bureau collects and posts U.S. rough diamond trade statistics on the KP website. In 2005, the Census Bureau issued a "Notice of Request for Faxed Submission of KP Certificates" requiring copies of all KP Certificates to be faxed to a toll-free number (1-800-457-7328). This notice of request was revised in 2007 to require the faxing of all KP Certificates immediately upon export of the shipment from the United States. The Census Bureau continues to reach out to U.S. importers and exporters who have not provided faxed copies of KP Certificates to remind them of this requirement. This is done so as to be able to verify the import and/or export KP statistics provided to the Census Bureau and the USKPA. The Census Bureau continues to update prior years' statistics when additional information is received.

The Census Bureau continues to reconcile U.S. statistics with U.S. trading partners for 2011–2014. This process is on-going and any necessary changes are incorporated at a later date. As in previous years, during the reconciliation process that is based on CBP data and data provided by U.S. trading partners, the Census Bureau uncovered several data discrepancies and contacted U.S. importers to verify information and to obtain KP Certificates. When discrepancies are identified, firms are contacted and efforts made to educate them on the legal obligations applicable to imports and exports of rough diamonds.

In 2014, instances when KP Certificates were not faxed to the Census Bureau, involved low-carat weight and/or low-value shipment purchased through websites by one-time importers not generally used to trading in rough diamonds. These

importers are usually not aware of applicable requirements. The Census Bureau communicates with them directly to inform them of the reporting procedure.

The Census Bureau conducted bilateral reconciliation with U.S. traders for the 2014 trade statistics with Armenia, Australia, Botswana, Brazil, Cameroon, Canada, People's Republic of China, Democratic Republic of the Congo, European Union, Guinea, Guyana, India, Israel, Japan, Republic of Korea, Lebanon, Liberia, Mauritius, Mexico, Namibia, New Zealand, Russian Federation, Sierra Leone, Singapore, South Africa, , Switzerland, Tanzania, Thailand, Turkey, United Arab Emirates, Vietnam, and the Rough Diamond Trading Entity of Chinese Taipei.

The Census Bureau also conducted bilateral reconciliation of trade statistics for 2013 with Armenia, Australia, Belarus, Botswana, Brazil, Cameroon, Canada, People's Republic of China, Democratic Republic of the Congo, European Union, Guinea, Guyana, India, Indonesia, Israel, Japan, Republic of Korea, Liberia, Malaysia, Mexico, Namibia, Norway, Russian Federation, Sierra Leone, Singapore, South Africa, Sri Lanka, Switzerland, Tanzania, Thailand, United Arab Emirates, Vietnam, and the Rough Diamond Trading Entity of Chinese Taipei.

The Census Bureau conducted bilateral reconciliation of trade statistics for 2012 with Armenia, Australia, Botswana, Brazil, Canada, People's Republic of China, , Democratic Republic of the Congo, European Union, Ghana, Guinea, Guyana, India, Israel, Japan, Republic of Korea, Lebanon, Liberia, Malaysia, Mexico, Namibia, New Zealand, Russian Federation, Sierra Leone, Singapore, South Africa, Switzerland, Thailand, Ukraine, United Arab Emirates, Vietnam, and the Rough Diamond Trading Entity of Chinese Taipei.

The Census Bureau conducted bilateral reconciliation of trade statistics for 2011 with Armenia, Australia, Botswana, Brazil, Canada, People's Republic of China, Democratic Republic of the Congo, Croatia, European Union, Guinea, Guyana, India, Indonesia, Israel, Japan, Republic of Korea, Liberia, Malaysia, Mauritius, Mexico, Namibia, New Zealand, Norway, Russian Federation, Sierra Leone, Singapore, South Africa, Switzerland, Tanzania, Thailand, Ukraine, United Arab Emirates, Vietnam, and the Rough Diamond Trading Entity of Chinese Taipei.

Exports

The United States is not a rough diamond producer. Since 2010, the Department of State has worked closely with Crater of Diamonds State Park in the state of Arkansas to ensure that visitors to the park who dig for rough diamonds know of

the requirements of the CDTA and the KPCS. The Department of State continues to work with the Crater of Diamonds to improve its efforts to implement the KP.

U.S. exports are re-exports of rough diamonds imported from other KP Participants. The United States has submitted trade and KP certificate count data by Participant for 2014.

According to published Census Bureau statistics, rough diamond re-exports from the United States in 2014 totaled \$355.2 million – an increase of 12.3 percent from the revised 2013 level of \$316.4 million. (See Table 1 below)

Table 1

United States Exports 2014			
U.S. Trading Partners	Sum of Volume (Carats)	Sum of US Value (US\$)	KPC Counts
Israel	109,933.93	\$144,634,769.72	104
European Union	647,732.81	\$103,737,979.99	415
South Africa	7,580.89	\$36,576,183.14	20
India	135,947.38	\$23,391,039.86	79
United Arab Emirates	88,457.98	\$11,808,936.30	18
China, People's Republic of	37,322.45	\$11,651,728.48	51
Japan	106,066.20	\$8,450,917.31	135
Namibia	6,126.49	\$3,556,280.31	13
Switzerland	253.61	\$3,138,590.74	5
Botswana	1,233.65	\$2,562,593.25	5
Thailand	1,923.08	\$1,863,795.93	8
Armenia	4,934.18	\$1,578,651.03	12
Korea, Republic of	61,137.70	\$892,985.53	49
Canada	150,360.94	\$726,598.24	110
Mexico	10,566.17	\$243,664.43	42

Brazil	16,141.74	\$122,836.80	7
Russian Federation	15.22	\$111,616.00	1
Mauritius	54.56	\$81,180.00	2
Chinese Taipei	3,871.16	\$59,453.58	6
Australia	1,361.40	\$16,912.18	10
Indonesia	3,000.00	\$13,500.00	1
New Zealand	15.86	\$1,009.71	4
Singapore	22.99	\$861.00	4
Turkey	3.74	\$375.00	1
Congo, Democratic Republic of	10.04	\$200.00	1
Lebanon	1.86	\$50.00	1
Grand Total	1,394,076.03	\$355,222,708.53	1,104

U.S. re-exports by value are primarily to three KP Participants: Israel (\$144.6 million), the European Union (\$103.7 million), and South Africa (\$36.6 million), which were the destination of 80.2 percent of U.S. re-exports of rough diamonds in 2014. (See Table 2 below).

Table 2

Top Three KP Participant Exports by Value (US\$)		
Participants	Value	% of Total Value (US\$)
Israel	\$144,634,769.72	40.7%
European Union	\$103,737,979.99	29.2%
South Africa	\$36,576,183.14	10.3%
Top Three total Value (US\$)	\$284,948,932.85	80.2%
All Others Participants	\$70,273,775.68	19.8%
Total US Exports 2014	\$355,222,708.53	100%

The top three Participant countries by export volume (carats) were the European Union (647,732.81 cts), Canada (150,360.94 cts) and India (135,947.38 cts). They represent 67.0 percent of the total export by volume (carats) of rough diamond shipments in 2014. (See Table 3 below).

Table 3

Top Three KP Participant Exports by Volume (carats)		
U.S. Trading Partner	Sum Value (US\$)	% of Total Volume (carats)
European Union	647,732.81	46.5%
Canada	150,360.94	10.8%
India	135,947.38	9.8%
Total Top 3 (volume)	934,041.13	67.0%
All Other Participants	460,034.90	33.0%
Grand Total	1,394,076.03	100%

Export rough diamond shipments are classified primarily under three schedule B codes. They are classified as 7102.10 (unsorted), 7102.21 (industrial) and 7102.31(non-industrial) diamonds. The table below reflects the commodity classification code breakout of the U.S. re-export of rough diamond statistics in 2014. (See Table 4 below).

Table 4

2014 U.S. Export Commodity Classification				
HTS Code	Volume (Carats)	Value (US\$)	% of Total Exports Volume	% of Total Exports Value (US\$)
7102.10	67,978.33	\$1,158,715.44	5.0%	0.3%
7102.21	843,340.74	\$22,745,153.69	60.5%	6.4%
7102.31	480,756.96	\$331,318,839.40	34.5%	93.3%
Grand Total	1,195,983.85	\$307,828,371.39	100.0%	100.00%

Imports

The United States imported \$551.2 million worth of rough diamonds in 2014 – a decrease of 3.3 percent from revised 2013 level of \$570.2 million. According to the Census Bureau, the United States imported rough diamonds from 24 KP Participants/approved entities in 2014, including: Armenia, Australia, Botswana, Brazil, Canada, People’s Republic of China, Democratic Republic of the Congo, European Union, Guinea, Guyana, India, Israel, Japan, Republic of Korea, Liberia, Mexico, Namibia, Russian Federation, Sierra Leone, Singapore, South Africa, Switzerland, United Arab Emirates, Vietnam and the Rough Diamond Trading Entity of Chinese Taipei. (See Table 5 below).

Table 5

United States Imports 2014			
U.S. Trading Partner	Sum Volume (Carats)	Sum Value (US\$)	KPC Count
Israel	20,659.84	\$215,738,985.01	131
European Union	607,852.59	\$122,374,113.76	409
Botswana	1,444,487.63	\$116,544,118.10	89
South Africa	14,310.90	\$35,016,393.34	29
Switzerland	1,132.36	\$18,145,242.25	3
Russian Federation	2,338.99	\$15,856,149.00	51
India	1,479,055.17	\$6,439,344.35	173
Namibia	4,793.31	\$5,800,890.74	13
United Arab Emirates	38,255.67	\$3,796,945.60	7
China, People's Republic of	2,739.47	\$3,332,527.68	3
Japan	30,005.26	\$2,464,940.03	38
Brazil	35,358.19	\$1,995,071.00	24
Australia	542.28	\$920,526.55	5
Vietnam	248,366.74	\$786,349.89	43
Liberia	910.31	\$703,213.52	4
Singapore	3,379.52	\$457,920.35	5
Canada	2,780.96	\$428,087.09	17
Sierra Leone	323.26	\$188,359.29	7
Guyana	348.84	\$92,396.00	1
Mexico	1,495.95	\$83,189.63	53
Guinea	131.00	\$40,000.00	1
Congo, Democratic Republic of	9.49	\$4,745.00	1
Korea, Republic of	40.51	\$3,038.80	1
Armenia	4.50	\$2,238.14	1
Chinese Taipei	43.92	\$277.82	1

Grand Total	3,939,366.66	\$551,215,062.94	1,110
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U.S. imports of rough diamonds are primarily from three KP Participants: Israel (\$215.7 million), European Union (\$122.4 million), and Botswana (\$116.5 million). These top three countries accounted for 82.4 percent of the total U.S. import value of rough diamond shipments in 2014.(See Table 6).

Table 6

Top Three KP Participant Imports by Value (US\$)		
Participants	Value	% of Total Value (US\$)
Israel	\$215,738,985.01	39.1%
European Union	\$122,374,113.76	22.2%
Botswana	\$116,544,118.10	21.1%
Top Three total Value (US\$)	\$374,722,318.68	82.4%
All Others Participants	\$86,051,403.34	17.6%
Total US Imports 2014	\$460,773,722.02	

The top three Participant countries by import volume (carats) for 2014 were from India (1.5M cts), Botswana (1.4M cts) and European Union (.6M cts). These Participant countries represent 89.6 percent of the total imports by volume (carats) of rough diamond shipments in 2014. (see Table 7 below).

Table 7

Top Three KP Participant Imports by Volume (carats)		
U.S. Trading Partner	Sum Volume (carats)	% of Total Volume (carats)
India	1,479,055.17	37.5%
Botswana	1,444,487.63	36.7%
European Union	607,852.59	15.4%
Total Top 3 (carats)	3,531,395.39	89.6%
All Other Participants	407,971.27	10.4%

Grand Total	3,939,366.66	100%
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Import rough diamond shipments are classified under three Harmonized Tariff Schedule codes; 7102.10 (unsorted), 7102.21 (industrial) and 7102.31(non-industrial) diamonds. The table below reflects the commodity classification code breakout of the U.S. imports of rough diamond statistics in 2014. (See Table 8)

Table 8

2014 U.S. Import Commodity Classification				
HTS Code	Volume (Carats)	Value (US\$)	% of Total Exports Volume	% of Total Exports Value (US\$)
7102.10	46,086.01	1,608,736.50	1.2%	0.3%
7102.21	2,322,052.93	62,238,899.90	58.9%	11.3%
7102.31	1,571,227.72	487,367,426.54	39.9%	88.4%
Grand Total	3,939,366.66	551,215,062.94	100.00%	100.00%

The United States has met all of the statistical reporting requirements in accordance with Annex III of the Kimberley Process Certification Scheme document in 2014

F. IMPLEMENTATION OF RECOMMENDATIONS OF KP REVIEW VISITS

The United States continues to implement various recommendations of the 2012 KP Review visit, including improving internal coordination, oversight of licensees and expanding law enforcement efforts.

G. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT

CBP seized one fraudulent KP Certificate which accompanied fake diamonds in 2014. Pursuant to the Administrative Decision on Cooperation and Enforcement, the United States reported the counterfeit certificate to the WGM and shared the information directly with officials in the concerned country. The United States is not aware whether further enforcement action was taken.

In 2009, the Department of State coordinated a process with CBP and the Smithsonian Institution to transport all forfeited diamonds to the Smithsonian for storage and, consistent with applicable law, possible research determined to be in U.S. government interests.

The United States developed a template for the sharing of information concerning seizures/forfeitures requested by other KP Participants. The United States encourages the use of this template by other Participants. The template was circulated via the Working Group on Diamond Experts and is available on-line at: http://www.cbp.gov/linkhandler/cgov/trade/trade_programs/diamonds/not_kim.ctt/not_kim.pdf

H. MISCELLANEOUS

Technical Assistance: USAID

In 2014, the State Department, the U.S. Agency for International Development (USAID), and USGS cooperated to provide technical assistance related to Cote d'Ivoire and Guinea through the Property Rights and Artisanal Diamond Development II (PRADD II) program.

PRADD II is a joint State Department/USAID initiative to assist countries in fulfilling their commitment to the KPCS. Launched in 2013, the project aims to clarify and formalize surface and sub-surface resource rights in artisanal mining areas in order to increase the number of rough diamonds entering the formal supply chain and improve the livelihoods of artisanal mining communities.

Cote d'Ivoire

USAID launched PRADD II in September 2013 to assist the Ivorian government in enacting customs and mining regulations and improving systems of diamond production, tracking, and internal controls. Thousands of miners have been

registered. The expanded PRADD program in the Côte d'Ivoire consists of four major components: clarification of land and diamond property rights, strengthening governance and internal controls, economic development in artisanal and small-scale mining communities; and public awareness outreach.

Supplemental funding to PRADD II was received from the European Union under the Instrument for Stability managed by the Service for Foreign Policy Instruments. Under this co-funding arrangement, PRADD II supports a land-use planning process in the two diamond-producing regions of Séguéla and Tortiya, and has begun a program to support conflict management.

PRADD II has worked with the Ministry of Mines to develop a work plan that complies with KP requirement, identifies necessary regulatory changes and integrates modifications in a new Mining Code. Due in part to the success of PRADD's activities, Cote d'Ivoire's temporary suspension from the KP and the UN embargo on diamond exports were lifted. Even though the systems put in place are now regarded as some of the most advanced in the world, the government of Cote d'Ivoire needs to move rapidly to restart the monitoring systems so that diamond diggers, middlemen and exporters to begin to receive earnings through legal exports. PRADD II is also providing technical assistance to the government to help re-launch the export system and internal controls.

PRADD II will also assist artisanal mining communities in delineating their village geographical limits, bringing them closer to achieving state-recognized surface rights. The PRADD II program has set up field offices in the diamond-mining areas of Séguéla and Tortiya to facilitate field activities. In September 2014, the Gemological Institute of America (GIA) held a training course in diamond valuation for government officials, mining cooperatives and PRADD II staff. Over the coming months, PRADD II will conduct an in-depth assessment of ways to introduce ethical diamond production and exports, as well as launch a program of environmental rehabilitation focused on mined-out diamond pits, the aim of which is to increase livelihood diversification. Project reports can be found at: <http://usaidlandtenure.net/project/property-rights-and-artisanal-diamond-development-ii-côte-divoire>

Guinea

In September 2013, USAID resumed artisanal diamond mining work for the first time since the 2009 coup that forced the closure of the previous USAID project. During this hiatus, new mineral deposits and alluvial diamonds discovered across

the country have resulted in the mining sector becoming one of Guinea's biggest revenue sources. Despite the 2014 Ebola crisis, PRADD II has continued to advance project implementation, and for the first time, an Artisanal Mining Zone was created by government decree in the diamond-rich areas of Forecariah. PRADD II will conduct policy dialogues to promote recognition of customary tenure in diamond-mining areas. Baseline impact evaluations are underway and field activities were launched in October at the end of the rainy season. Finally, PRADD II, in conjunction with the USGS, launched a project for the geological modeling of potential diamond mining sites using innovative new technology. Project reports can be found at: <http://usaidlandtenure.net/project/property-rights-and-artisanal-diamond-development-ii-guinea>

Regional Activities

The United States will continue to focus on the implementation of the [Washington Declaration](#) of Integrating Development of Artisanal and Small Scale Mining with the Kimberley Process (Washington Declaration) in key diamond-producing countries and support regional initiatives to tackle issues relating to cross-border diamond smuggling. In 2014, the Washington Declaration Diagnostic Framework was applied in Cote d'Ivoire.

During 2014, PRADD II continued to support the Mano River Union initiative to harmonize diamond-related policies at the regional level, increase information and data exchange, and improve customs procedures and law enforcement to further ensure that diamonds are sold legally and for the benefit of local populations.

Technical Assistance: U.S. Geological Survey (USGS)

In 2014, the United States, through the USGS, conducted technical assistance tasks for the KP in four main areas.

Central African Republic

Working with the European Union Joint Research Centre (JRC), the USGS continued to monitor mining activities in eastern and western CAR by acquiring and analyzing high-resolution satellite imagery. Monitoring focused on the eastern mining sites of Bria, Sam Ouandja, Ouadda, and Nzako, as well as the western zone sites of Carnot and Nola. The results of these efforts were most recently shared in a report circulated at November 2014 KP Plenary in Guangzhou. In May 2014, the JRC and USGS published a report detailing their methodology for

identifying active artisanal diamond mining pits in CAR titled “Joint EU-US Methodology for Monitoring Alluvial Diamond Mining Activities in the Central African Republic.” Monitoring continues by request of the KP Working Group on Monitoring (WGM).

Cote d’Ivoire

During 2014, the USGS continued satellite imagery monitoring of the diamond resources of Séguéla and Tortiya in northern Cote d’Ivoire. Satellite imagery was acquired and used to catalog the location and size of all active diamond mining pits for the year 2014, to quantify trends in the level of mining activity, and to estimate production capacity.

In August, USGS staff traveled to Abidjan with PRADD II staff to discuss possible USGS contributions to PRADD II initiatives in Cote d’Ivoire. It was agreed that the USGS would complete a land cover classification and change detection analysis for the Tortiya area of interest, and that PRADD II would contribute field data to this analysis. The USGS trained the PRADD II GIS Specialist in the land cover methodology and identified locations from which field data should be collected. The GIS Specialist was also trained in techniques for identifying diamond mining activity in satellite imagery. During this trip, the USGS also met with representatives from SODEMI to discuss the USGS geomorphic modeling methodology for estimating diamond potential,

The USGS has since used satellite imagery to finish the land cover classification for the Tortiya area of interest for the years 1985, 2002 and 2013. The USGS provided an Administrative Report to PRADD II showing the results of the classification and then began work on analyzing changes that occurred during the years 1985-2002 and 2002-2013. This work is still in progress. The USGS is also undertaking a detailed mapping of alluvial diamond deposits in Séguéla and Tortiya in support of the PRADD II project, which will permit better determination of alluvial diamond resources in Cote d’Ivoire’s two main diamond mining areas.

Guinea

In 2014, the USGS initiated the development of a diamond potential map of the Forecariah watershed in western Guinea. It conducted two fieldwork campaigns to identify the main artisanal diamond mining sites. In February, five sites were visited. Seven sites were mapped and assessed in June, in cooperation with

PRADD II, and USGS staff also trained PRADD II staff to use a small unmanned aerial system (UAS) to collect very-high-resolution imagery of mining sites.

Following the trips to Guinea, the USGS team focused on three principal tasks that are prerequisites for developing a diamond potential model: digital elevation model (DEM) production, topographic map production, and UAS imagery site map production. The USGS generated high-resolution (1 m) DEMS covering 90% of the Forecariah watershed that will be used to derive the diamond potential model. The USGS also developed an extensive topographic map database derived from high-resolution satellite imagery that incorporates all streams, roads and towns within the watershed. A land cover dataset was also created using satellite imagery. These data sets are complete and will be transferred to PRADD II staff in Guinea for use in developing topographic maps of the watershed. Using the imagery collected by the UAS, the USGS also began creating very-high-resolution maps of each of the sites visited in June. This process is ongoing.

In July 2014, the USGS published “[A Methodological Toolkit for Conducting Field Assessments of Artisanally Mined Alluvial Diamond Deposits](#).” The goal of this document is to provide a detailed guide for conducting fieldwork and collecting the types of data necessary for completing a diamond resource assessment, with a focus on the collaborative multi-stakeholder approach undertaken in the assessment of Guinea’s diamond deposits.

West African Diamond Database

Since 2007, the USGS has been working to develop and compile a comprehensive diamond database of West Africa. At present, the database includes the countries of Mali, Ghana, Guinea, Cote d’Ivoire, Sierra Leone, Liberia, and Burkina Faso. A Geographical Information Systems (GIS) database containing known primary and secondary diamond occurrences in West Africa is being developed and includes information on the geographic location, deposit type, and characteristics of the diamonds. The database is frequently updated as new deposits and mining areas are discovered and as artisanal miners move to new locations. Research continues on the compilation of information on other countries in the region. In addition to information on diamond deposits, geologic and base map features have also been compiled as part of the West African Diamond Database at a scale of 1:1,000,000.

Other Miscellaneous

The United States participated in four KP Peer Review Visits during 2014: Australia, China, Guinea and Guyana.