

Kimberley Process Chair

Administrative Support Mechanism Kimberly Process

Kyiv, 22 March, 2024

Annual (2023) Report on implementation of Kimberley Process Certification Scheme Ukraine (KP Only)

A. Institutional Framework

<i>Part A: Constant</i>	<i>Part B: Variable</i>
<p>1. <u>The Authority with responsibility for the implementation of the KPCS</u></p> <p>State Gemmological Centre of Ukraine under Ukrainian Ministry of Finance (hereinafter - SGCU) – KP Focal Point for Ukraine</p> <p>Address: State Gemmological Centre of Ukraine 38-44, Deghtyarivska St. Kyiv, 04119, Ukraine Tel: /+38044/ 4922325</p> <p>Mr. Tkalenko Andriy – Director of SGCU Tel: /+38044/ 4929321, E-mail: antkalenko@ukr.net</p> <p>Mr. Tatarintsev Volodymyr – Deputy Director of SGCU, Head of Diamond Examination Department, the main contact person for KP Ukraine E-mail: vt.kp.ua@gmail.com</p> <p>2. <u>The Import and Export Authority</u> (including Export/Import control, the approval of KP Certificates, Statistics)</p> <p>Mr. Tatarintsev Volodymyr – Deputy Director of SGCU, Head of Diamond Examination Department, the main contact person for KP Ukraine E-mail: vt.kp.ua@gmail.com</p>	<p>Changing phone number</p>

B. Legal Framework

<i>Part A: Constant</i>	<i>Part B: Variable</i>
<p>1. <u>The laws and regulations enacted or amended for the implementation of the Kimberley Process (Section IV (d)) as the specific legislative or administrative provisions for</u></p> <p>- <u>export and import of rough diamonds, issuing of certificates and collection and exchange of official production, import and export data:</u></p> <p>The Resolution of Ukrainian Cabinet of Ministers of 12 March 2003, № 307 "Import and export of rough diamonds into and from custom territory of Ukraine" (hereinafter - Resolution № 307).</p> <p>The Decree of Ukrainian Ministry of Finance of 9 April 2003 № 276 "Establishing of registration procedures of accompanying documents and introduction of rough diamonds into turnover in compliance with the requirements of Kimberley Process Certification Scheme" (further – Decree № 276).</p> <p>- <u>internal controls:</u></p> <p>The Law of Ukraine of 18 November 1997, № 637/97-BP “On State Regulation of Mining, Production and Use of Precious Metals and Precious Stones and Control over Transactions with Them” (further – the Law № 637/97-BP).</p> <p>- <u>penalties introduced for individuals and companies contravening diamond laws and regulations:</u></p> <p>The Criminal Code of Ukraine: Articles 209, 209¹ ; The Custom Code of Ukraine: Articles 458 - 465, 469, 471 - 473, 480 - 485.</p> <p>2. <u>Is it legally required that rough diamond buyers, sellers and exporters keep for a period of five years daily buying, selling or exporting records listing the names of buying or selling clients, their license number and the amount and value of diamonds sold, exported or purchased ?</u></p> <p>According to the Decree № 276:</p> <p>§ 6. Certificates and other documents for accounting, accepting and transfer of diamonds should be kept by management entities for five years term.</p>	None

C. Import and Export Regime

<i>Part A: Constant</i>	<i>Part B: Variable</i>
<p><u>Outgoing shipments</u></p> <p><i>1) <u>The procedure for issuing KP certificates (Section II, III)</u></i></p> <p>Procedures for issuing KP certificates are as following (according to the Decree № 276):</p> <p>§12. The designated authority of SGCU conducts issuing of certificates for diamonds exporting from Ukraine. Anyone wishing to export rough diamonds from Ukraine should apply to SGCU and provide diamonds for expertise.</p> <p>§13. The documents for diamonds, which are not originated from Ukraine includes:</p> <ul style="list-style-type: none"> - Examination on compliance with diamonds imported to Ukraine previously, as well as compliance of information stated in accompanying documents (contract, invoice, etc); - Issuing of expert report for diamonds and Ukrainian KP certificate. Each shipment is registered separately. <p>§14. Rough diamonds have to be packed and sealed under custom control and in the presence of SGCU authority. The SGCU authorised person certifies presence of Certificate in the package. After that, SGCU authority passes the information on the issued KP certificate to import authority of the country of destination.</p> <p>§15. The exporter must prove the place of diamond origin and legality of operation with diamonds.</p> <p>§18. SGSU does not conduct official registration of Certificates for diamonds to be exported from custom territory of Ukraine if the country of destination is not a participant of the Kimberley Process.</p> <p><i>2) <u>Does the KP certificate fulfill the security features and requirements set out in Annex I of the KPCS document and as per the attached checklist?</u></i></p> <p>Ukrainian Kimberley Process Certificate fulfills all the security features and requirements set out in Annex I of the KPCS document and as per the checklist.</p> <p><i>3) <u>What evidence does 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? (Section IV (a) and Recommendation 18)?</u></i></p> <p>There are no diamond deposits in Ukraine. Export of Ukraine is conducted exclusively in the frame of re-export of diamonds imported previously from other countries into Ukraine for cutting. The shipments are obligatory accompanied by corresponding Certificates of KP. These diamonds are waste products returning to the foreign owner of country-exporter.</p>	<p>None</p>

4) How many Kimberley Process certificates were issued? To which Participants were the KP certificates issued actually sent?

In the year 2023 Ukrainian KP Office issued "0" Certificate

Optional issues:

1) With reference to Recommendation on sealing of rough diamonds in a tamper proof container together with the Certificate or a duly authenticated copy

According to the Decree № 276 "Shipment of diamonds as being exported has to be packed and sealed under the control of SGCU authority. The SGCU authorized person certifies enclosure of the Certificate into the package. After that, SGCU authority passes information about the issued KP Certificate to the import authority of the country of destination" (§14)

2) With reference to Recommendation on recording all details of rough diamond shipments on a computerized database,

The database on rough diamonds created and being maintained by SGSU includes: Certificate Numbers of the shipments, date of issuance of the Certificates, HS Code of the shipment imported/exported, weight of the shipment, value US dollars of the shipments, date of Import/Export, Importer name, Exporter name, average price per carat of rough, comments needed.

Incoming shipments

1) 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.

According to the Decree № 276 "SGSU authorities make expert reports for diamonds as being imported into custom territory of Ukraine only if shipment is accompanied by Kimberley Process Certificate. In case of absence of the Certificate shipment of diamonds can not be custom registered. SGSU authorities conducting necessary expertise and registration of accompanying documents may be involved in the procedure at check-point as well as in a zone of custom control, including territories and premises of enterprises keeping diamonds under custom control" (§7).

Expert verification and registration of accompanying documents for diamond shipment includes:

- verification of all data concerning issuing of the Certificate by the country-Participant;
- verification of authenticity of the Certificate;
- diamond examination of data compliance in the Certificate and other accompanying documents.

Every shipment of diamond is to be registered separately.

On the results of the examination an authorized person of SGCU issues the report in accordance with the established form. In case the data differs during examination or shows violation of the requirements of KPCS the variances are reflected in the report. Until all variances being solved the diamonds can not be introduced on the territory of Ukraine (§8).

<p>On finishing of expert examination an authorized person of SGCU issues two copies of the Certificate, verifies its authenticity by own signature and stamp, and transfers to the orderer together with original expert report for further custom registration. The original certificates that accompany diamond shipments are kept at the SGCU. SGSU accounts them and sends in the established order of confirmation (coupon of Certificate) on receiving of diamonds at the addresses of export authorities of the country that issued certificate (§9).</p> <p>The Certificates and other documentation as a ground for account, receiving and transference of diamonds are required to be kept by subjects of management for a period of 5 years. (§6)</p> <p>Confirmation slips of the received Certificates are monthly sent to the corresponding authority of the importing country.</p> <p>2) <u>How many Certificates were received? From which Participants were Certificates received?</u></p> <p>In the year 2023 Ukrainian KP Office received 7 Certificate (4 from USA, 3 from EU)</p> <p>3) <u>Have there been cases of shipments which were not in conformity with the provisions of the KPCS? If so, how were these followed up by your authorities?</u></p> <p>There were no cases of unconformity to KPCS in 2023 fixed.</p>	
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D. System of internal controls and Industry Self-Regulation

<i>Part A: Constant</i>	<i>Part B: Variable</i>
<p>Ukrainian system of warranties meets of the requirements stipulated in the Section IV of KPCS.</p> <p>Ministry of Finance of Ukraine adopted Order of May 15, 2007 No 615. According to the Order, each rough and polished diamond shipment should be accompanied in Ukraine by a special document (Certificate) to declare origin of the diamonds and the fact, that the polished diamonds are made of rough diamonds accompanied of Kimberley Process Certificate. The Certificates have a unified approved format and severe reporting.</p>	None

E. Statistics

Part A: Constant

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 7 years

Period	Production			Import			Export		
	Volume, cts	Value, US\$	US\$/cts	Volume, cts	Value, US\$	US\$/cts	Volume, cts	Value, US\$	US\$/cts
2023	0	0	0	5 215,34	1 193 883,36	228,92	0	0	0
2022	0	0	0	1 667,64	181 733,33	108,98	0	0	0
2021	0	0	0	5 050,25	259 082,06	51,30	0	0	0
2020	0	0	0	15 610,66	998 350,72	63,95	0	0	0
2019	0	0	0	35 356,36	3 761 512,00	106,39	345,49	20 642,74	59,75
2018	0	0	0	15 970,79	2 679 171,76	167,75	44,64	1785,60	40,00
2017	0	0	0	8 774,86	2 729 091,85	311,01	0	0	0

Table – 2: Overview of KPC count for import – export during the last 7 years

Period	KPC count		
	Import	Export	Total
2023	7	0	7
2022	1	0	1
2021	10	0	10
2020	10	0	10
2019	25	2	27
2018	18	1	19
2017	15	0	15

The information is collected and kept at SGSU. A responsible person creates a monthly domestic report, quarter and annual reports on import and export data.

Part B: Variable

No suggestions

F. Implementation of recommendations of kimberley process review visits and/or review missions

In recent years Review Visits or Review Missions in Ukraine have not been conducted.

G. Infringements and cooperation with respect to enforcement

No suggestions

F. Miscellaneous

No suggestions

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