



Annex I:
**Guidelines for the annual Report on the implementation of KPCS in accordance
with Section VI, paragraph 11 of the KPCS document**

A. Institutional Framework

In this section, up-to-date information on the designated authorities or bodies responsible for implementing the provisions of the KPCS should be provided, in particular on:

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)).

*Ministry of Industry, Trade and Labor
Office of the Diamond Controller
Mrs. Sigal Shidlovsky
Deputy Diamond Controller
3 Jabotinsky Road
Ramat Gan 52520
ISRAEL
Tel: 972-3-7347702
Fax: 972-3575-4137
Email: Sigals@moital.gov.il*

*Ministry of Industry, Trade and Labor
Office of the Diamond Controller
Mr. Shmuel Mordechai
Diamond Controller
3 Jabotinsky Road
Ramat Gan 52520
ISRAEL
Tel: 972-3-7347701
Fax: 972-3575-4137
Email: Shmuel_m@moital.gov.il*

2. The Import and Export Authority, including the full address and the names of contact persons (in accordance with Section IV (b)).

*Ministry of Industry, Trade and Labor
Office of the Diamond Controller
Operating as custom office authorized by the authority in Israel
Import & Export Room
Ramat Gan 52520
ISRAEL*

Names of Contract Persons:

*Mrs. Leora Ovadia Nakav – Email: Leora.Nakav@moital.gov.il
Mrs. Yoella Babler – Email: Yoella.Babler@moital.gov.il*

Based on a Recommendation – reply is optional:

In addition, information might be provided on whether an official coordinator to deal with the implementation of the KPCS been appointed, as suggested by Recommendation No. 1.

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:

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 introduced for individuals and companies contravening diamond laws and regulations
- collection and exchange of official production, import and export data

a) *Diamond Control Decree – 1979. 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.*

b) *Import Decree 1987 – regulations on import of rough diamonds (Amended in year 2002) 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.*

c) *Free Export Decree 1987 – regulations on export of rough diamonds (Amended in the year 2002) Export of rough diamonds are allowed only with an issued KP Certificate and may be exported out only to countries that are members of the Kimberley Process.*

d) *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*

- *Guideline states the Diamond Control Office as "Designated Authority"*
- *Import/Export must be accompanied by a KP Certificate.*
- *Import/Export of rough diamonds is only allowed from and to Participants of the Kimberley Process.*
- *Import of rough diamonds which is imported without a KP Certificate will be confiscated and will be fined according to the law.*
- *Export of rough diamonds which is exported out without a KP Certificate will also be fined according to the law.*



- e) *Books and pamphlets in Hebrew were distributed to diamonds dealer with information on the regulation of Kimberley Process*
- f) *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 1st January, 2003*

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

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. The overview may also refer to the Recommendations set out for the Export and Import Process. It should also refer to the issuance and receipt of Kimberley Process certificates by a Participant. In particular, the following questions might be addressed:

Outgoing shipments

- What is the procedure for issuing KP certificates?
(Section II (b))

Before the authority issues the Kimberly Certificate for export of rough diamonds, the following conditions must be met.

- a) *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.*
- b) *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.*

The office of the diamond controller is also the only custom station in Israel for exports and imports of diamonds. This station operates with three experts who are diamonds evaluators.

- 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
(Section II (c))?



Israel KP certificate fulfills all features and requirements.

- 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)?

The exporter has to provide his declaration to the office of the Diamond Controller (Ministry of Industry, Trade and Labor), that the goods of rough diamonds which are being exported from Israel are conflict free

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

Five thousand five hundred and forty nine (5,549) KP certificates were issued during the year 2011. KP certificates were issued to Armenia, Botswana, Brazil, Canada, China, Congo Democratic Republic, EC European, Guinea, Hong Kong, India, Japan, Namibia, South Africa, Sri Lanka, Switzerland, Tanzania, Thailand, Russia, Vietnam, Ukraine and USA.

(See separate excel attachment listing the number of certificates issued and received per Participant.)

Based on Recommendations – reply is optional:

- *Are rough diamonds sealed in a tamper proof container together with the Certificate or a duly authenticated copy?*
(Recommendation 19)

Yes, 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

- *Is the exporting authority sending advance notice of shipments by e-mail to the relevant Importing Authority containing information on the carat weight, value, country of origin or provenance, importer and the serial number of the Certificate?*
(Recommendation 19)

Not to all the countries. Israel sends advance notice of shipment upon request. India, Bulgaria and China are the countries that requested our



advance notification of export.

- *Does the Exporting Authority record all details of rough diamond shipments on a computerized database?
(Recommendation 20)*

Yes, all details of rough diamonds both import and export are recorded on a computerized database, and are simultaneously collaborated into the national data base.

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 following questions
 - a) *Each import of rough diamond has to go through the customs office for evaluation and for the release of the diamonds*
 - b) *The diamond evaluator checks if the parcel is sealed.*
 - c) *The shipment must be accompanied with an original KP certificate and an invoice stating the description of the rough diamonds.*
 - d) *The KP Certificate and the invoice are checked to verify that **details on both of them match.***
 - e) *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 shipment. If all matches, then he stamps both the invoice and certificate with an official customs stamp.*
 - f) *The diamond evaluator types and records all import 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.*
 - g) *The import confirmation slip is returned to the relevant export authority.*



- Is confirmation of receipt sent to the relevant Exporting Authority (Section III (b))?

Yes

- How do you ensure that only rough diamonds with a Certificate (Section III (b)) and placed in tamper resistant containers (Section IV (c)) are imported?

a) There are four licensed shipping agents that are allowed to carry and transfer shipment of diamonds – D2D, MALCA AMIT, BRINKS and ISRAELI POST. The latter is limited to shipments up to \$25,000.- per shipment. . Those mentioned shipping agents are obliged to ship goods only in a tamper resistant container.

b) The diamond parcels are distributed by the shipping agents to the diamond companies which, by law, have 24 hr. to present the sealed shipment to customs. Each diamond parcel that arrives in Israel is opened only by a diamond evaluator in the custom room. It is a custom violation to present an open shipment to customs.

c) The evaluator checks that it is accompanied with a KP Certificate and that the invoice states "rough diamonds" He also inspects whether the content of the shipment complies with the detail of the invoice and certificate

- Where are the originals of the Certificates kept accessible?

(Section III (b))

The original certificates are brought to the Diamond Controller office and are being kept in the "Archive" where they are filed by dates and will be kept for three years.

- How many Certificates were received? From which Participants were Certificates received?

Eight thousand five hundred and sixty seven (8,567) KP Certificates were received in Israel during the year 2011 from Angola, Australia, Armenia, Belarus, Botswana, Brazil, Canada, China, Central Africa Republic, Congo Democratic Republic, EC



European, Ghana, Guyana, Guinea, Hong Kong, India, Japan, Liberia, Namibia, South Africa, South Korea, Sri Lanka, Sierra Leone, Switzerland, Tanzania, Thailand, Togo, Russia,, USA and Zimbabwe.

(See separate excel attachment listing the number of certificates issued and received per Participant.)

- 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?

Yes, there have been cases of shipments which were not in conformity with the provisions of the KPCS, however this was solved by contacting the relevant authority in order to obtain their confirmation and clarification of the problems. Below are a few examples:

- a) *Shipments arrived to Israel from Belgium with invoices and the rest of the documentation stated polished diamonds when in actual fact goods were rough diamonds and without a KP Certificate. In this case we contacted the export authority and informed them of the situation. After clarification, KP certificates were issued for the concerned shipments and goods were released to the importers in Israel.*
- b) *A number of shipments were exported to USA (GIA) as polished diamonds but when shipments arrived to USA, the diamonds were considered as rough diamonds with facets needed to be cut/polished. The diamonds were about 85-90 percent polished and needed further work on these diamonds.*
- c) *A shipment of rough diamonds arrived to Israel from Zimbabwe with destination stated as South Africa. This shipment was detained and reported to Zimbabwe. The goods was released to the Israeli importer only after receiving the relevant confirmation and approval from Zimbabwe to re-consigned the country to the importer in Israel (instead of South Africa)*
- d) *Ten Technical KP Certificates were issued for problematic shipments. Seven to Belgium, one to India, England and Switzerland.*



Based on Recommendations – reply is optional:

- *Are prior notifications of rough diamond shipments received by e-mail (Recommendation 21)?*

Not from all countries. Israel receives prior notifications of rough diamonds from Russia, India, Hong Kong, UK, Ghana and South Africa.

- *Do you verify that the seals and the container have not been tampered with and that the export was performed in accordance with the Scheme (Recommendation 22)?*

Yes, every shipment that arrives in Israel has to pass through customs office. There it is checked by the diamond evaluator that the parcels have not been tampered with. Until now there were no cases of parcel being unsealed or appearing tampered.

- *Do you check that the content of an incoming shipment matches the information declared on the certificate (Recommendation 23), e.g. by the use of diamond valuers and other expertise?*

Yes, the people who work in the Import and Export authority are diamond experts and are able to value Diamonds. It is their duty to check that the content of each incoming shipment matches the invoice and the KP Certificate.

- *Is the return slip or import confirmation coupon sent back to the relevant Exporting Authority? (Recommendation 24)*

Yes, all countries providing import confirmation slips with their KP Certificate are posted back to the relevant countries at the beginning of each month.

D. System of internal controls and Industry Self-Regulation
(Based on Recommendations – reply is optional:)

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 Section IV and in Annex II of the KPCS document, namely

- *The existence and functioning of a voluntary system of industry self-regulation
(Section IV)*
- *Have the names of individuals or companies convicted of activities relevant to the purposes of the Certification Scheme been made known to all other Participants through the Chair?
(Recommendation 6)*
- *Licensing of diamond mines, miners, buyers, sellers and agents
(Recommendations 9, 11, 12, 13, 14)*
- *The existence of a computerized database of licensed diamond mines, miners, buyers and sellers
(Recommendation 16)*
- *The keeping of records of buying, selling and/or exporting transactions, listing the names of buying and selling clients, license numbers, volume and value of transactions
(Recommendation 15)*
- *There exists a functioning of a voluntary system of Industry Self Regulation.*
- *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:*
 - a) *One must prove that he has obtained four years experience in the diamond business.*
 - b) *Recommendation needed from two senior diamond dealers*
 - c) *Proof of financial capacity from one of the authorized bank for diamonds.*
 - d) *To appear at the licence issuers committee.*

Record Keeping

- *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. Details of each transaction include:*



- *KP Certificate Number*
 - *Date of import/export*
 - *Name of Importer/Exporter*
 - *I.D Number*
 - *Carat and Value*
 - *H.S Code*
 - *Country which shipment is exported to/Country which shipment arrived from.*
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- *The importer/exporter is required to keep and file copies of all the import/export of KP Certificates for 3 years as required by the law.*

E. Statistics

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.

Israel has filled in the templates for all four quarters of 2011, which has been uploaded to the KP Statistics Website, so that it is published and shown to the KP Member participants.

E. 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.

You may also set out here, or in separate correspondence with the Chair or with other Participants, any requests for technical assistance that you feel will enhance your implementation of the KPCS.

ANNEX to the Guidelines

Checklist of Minimum requirements for Certificates according to ANNEX I of the KPCS Document



Each Certificate bears the title "Kimberley Process Certificate" and the following statement: "The rough diamonds in this shipment have been handled in accordance with the provisions of the Kimberley Process Certification Scheme for rough diamonds"	✓
Country of origin for shipment of parcels of unmixed (i.e. from the same) origin	✓
Certificates issued in English or English translation is incorporated	✓
Tamper and forgery resistant	✓
Date of issue and expiry	✓
Issuing authority	✓
Identification of exporter and importer	✓
Carat weight/mass	✓
Value in US\$	✓
Number of parcels in shipment	✓
Relevant Harmonised Commodity Description and Coding System	✓