



Kimberley Process 2012 Secretariat

Kyiv, 29 March, 2012

Annual (2011) Report on implementation of Kimberley Process Certification Scheme Ukraine

A. Institutional Framework

- 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)).*

State Gemmological Centre of Ukraine under Ukrainian Ministry of Finance (further - SGCU) is responsible for implementation of the Kimberley Process Certification Scheme in Ukraine.

SGSU is also the Import and Export Authority for rough diamonds according to 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 the Kimberley Process Certification Scheme".

Mr. Tatarintsev Volodymyr as a Deputy director of SGCU, Head of Diamond Examination Department, is appointed to be a main contact person for Kimberley Process Scheme according to the Letter of Ukrainian Ministry of Finance of 12 December 2002 № 083-101/1745.

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B. Legal Framework

- 1. 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*

In the reply to the question we would refer to the 2010 report as there have been no changes.

- *export and import of rough diamonds, issuing of certificates and collection and exchange of official production, import and export data:*

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" (further - Resolution № 307).

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).

- *internal controls:*

The Law of Ukraine of 18 November 1997, № 637/97-BP “On governmental regulation on mining, production and use of precious metals and gem stones as well as control over operation with them”.

- *penalties introduced for individuals and companies contravening diamond laws and regulations:*

The Criminal Code of Ukraine: Articles 201, 209;

The Custom Code of Ukraine: Articles 338, 340, 341, 349, 351, 352.

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

No changes

C. Import and Export Regime

An overview of how the undertakings in the KPCS on the international trade in rough diamonds (Sections II and III) are implemented.

Outgoing shipments

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



In the reply to the question we would refer to the 2010 report as there have been no changes.

Procedures for issuing KP certificates are as following (according to the Decree № 276):

§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.

§13. The documents for diamonds, which are not originated from Ukraine includes:

- 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.

§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.

§15. The exporter must prove the place of diamond origin and legality of operation with diamonds.

§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.

2) 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))?

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.

3) 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)?

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.



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

Number of the Certificates issued in 2011 is 0:

Optional issues:

1) *With reference to Recommendation 19 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 20 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.*

In the reply to the question we would refer to the 2010 report as there have been no changes.

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 by SGCU person 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 are solved the diamonds can not be introduced on the territory of Ukraine (§8).

On finishing of expert examination an authorized by SGCU person 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)

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)

Confirmation slips of the received Certificates are monthly sent to the corresponding authority of the importing country.

2) How many Certificates were received? From which Participants were Certificates received?

Total number of the certificates received in 2011 is 30.

The countries from which the certificates were received are European Union (Belgium) – 10, Israel – 11, Russia – 7, Sierra Leone – 1, UAE – 1.

3) 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?

There were no cases of unconformity to KPCS in 2011 fixed.

D. System of internal controls and Industry Self-Regulation

Ukrainian system of warranties meets of the requirements stipulated in the Section IV KPCS.

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.

E. Statistics

Annual statistics data of Ukraine are already presented at statistics web-site of Kimberley Process.

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.

F. Miscellaneous

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