

F. No. 314/33/2002-FTT
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

Sub: Kimberley Process Certification Scheme (KPCS) for Rough Diamonds– Implementation-Reg

I am directed to invite your attention to the notification No. 21/2002-07 dated 26-12-2002 issued by the Directorate General of Foreign Trade (DGFT) amending Paragraph 2.2 of the Export and Import Policy to provide that no import or export of rough diamonds shall be permitted unless the shipment parcel is accompanied by Kimberley Process (KP) Certificate required under the procedure specified by the Gem and Jewellery Export Promotion Council (GJEPC). Please also refer to the subsequent notification No. 23/2002-07 dated 10-1-2003 issued by the DGFT enabling acceptance of “ Letter of Comfort” as an alternative to Kimberley Process Certificate for a period of two months only beginning 1.1.2003, as a transitional arrangement. The Ministry of Commerce and Industry, vide their letter No. 12/13/2000-EP (G &J) dated 13-11-2002 have designated GJEPC as the “Importing and Exporting Authority” within the meaning of Section IV (b) of the Kimberley Process Certification Scheme (KPCS).

2. The international certification scheme for rough diamonds entitled: “Kimberley Process Certification Scheme” was adopted in a Ministerial meeting held at Interlaken, Switzerland, on 5th November, 2002. India is a signatory to the Interlaken Declaration. The Scheme has been evolved to deal with the issue of conflict diamonds which are basically rough diamonds whose trade is prohibited by the United Nations Security Council because, the proceeds of that trade are used by rebel movements and their allies to finance conflicts aimed at undermining legitimate governments. The details of the Scheme are available at website address www.worlddiamondcouncil.org or www.kimberleyprocess.com

3. KP Certificate is a forgery resistant document with a particular format (a sample copy enclosed) which identifies a shipment of rough diamonds as being in compliance with the requirements of the Certification Scheme (ie KPCS). The KP Certificate contains the title “ Kimberley Process Certificate”, country of origin, the certificate number, date of issuance, date of expiry, issuing authority, the details of importer and exporter, carat weight/mass, value in US\$, number of parcels in shipment, relevant HS code and validation of Certificate by the Exporting authority. Further, it may also have additional details such as quality, characteristics of rough diamonds in the shipment etc.

4. In order to comply with the requirements of KPCS, each shipment of rough diamonds on import and export has to be accompanied with a KP Certificate and the procedure for implementation of scheme shall be as under:-

Imports

(a) The imported consignment of rough diamonds is to be accompanied by a Kimberley Process Certificate (KP Certificate) and usual trade and import documents, generally required in such trade transactions. The importer shall also give necessary instructions to the suppliers that the original of the KP Certificate, issued by the appropriate/designated Authority of the exporting country, is placed inside the parcel and the certificate number is replicated on the container. On or before arrival of the consignment/parcel, the importer or his authorised representative, shall present a copy of the KP certificate and other related documents, such as airway bill, Invoice, Packing list etc, to the GJEPC for verification and certification. The GJEPC will scrutinize the documents and if found in order, will make the following endorsement on the copy of the KP certificate.

“ Verified and signed the documents and the declaration in the Invoice and KP Certificate are found in order”.

(b) The importer/CHA shall present the KP Certificate endorsed by GJEPC alongwith the required import documents while filing the Bill of Entry for seeking clearance of the rough diamonds. The importer shall declare the KP certificate Number and date on all the copies of the Bill of Entry below the precise description of the goods. The Bill of entry will be assessed as usual after physically examining 25% of the consignment subject to minimum of one lot. Customs will endorse the copy of the KP Certificate verified by GJEPC to the effect that goods have been cleared vide Bill of Entry No. ___ dated ___ and retain the original. The authorised representative of GJEPC will collect all the original KP Certificates retained by the Customs at 6.00 PM on each working day and the copy of the KP Certificate (endorsed by GJEPC) which was filed with the Bill of Entry will be handed back to the importer/CHA.

Exports

(c) The export parcel shall be accompanied by the ‘KP’ Certificate issued by GJEPC. In view of this, the exporter or his authorised representative shall present the Packing List of rough diamonds to be exported, alongwith the Invoice, to the GJEPC for obtaining the KP Certificate. The designated official of GJEPC, after due scrutiny, will issue KP certificate in triplicate having running serial number imprinted on each such copy under seal and signature (all the copies will have the seal and signature in original). One copy will be retained by GJEPC & two signed copies will be handed over to the exporter or his representative. The exporter/CHA shall present the Shipping Bill, Invoice, Packing List etc. alongwith two copies of the KP Certificate. The exporter shall declare the KP Certificate number and date on all the copies of the Shipping bill below the description of the goods. The original of the KP Certificate shall be placed in the export parcel before presentation to the Customs and the security slip having running imprinted serial number given by the GJEPC shall be affixed on the parcel. The Customs will open all consignments, verify the original KP Certificate kept in each Export Parcel with the Duplicate of the KP Certificate, and physically examine only 25% of each consignment, subject to minimum of one lot. After examination of the goods, the parcel will be sealed by Customs ensuring that the original KP Certificate is placed inside the parcel. One copy of the KP Certificate will be attached to the original copy of the Shipping Bill while another copy will be handed over to the exporter. The exporter will forward one copy of the KP certificate to the foreign buyer alongwith the shipping documents for facilitating the clearance of the goods at the destination.

(d) All other procedures for clearance of import-export consignments of rough diamonds will remain unchanged. It is clarified that clearance of import and export consignments of rough diamonds will not be permitted by the Customs unless such consignments are accompanied by the KP Certificate as mentioned in the preceding paragraphs.

5. The above procedure shall also apply mutatis mutandis to EOU/SEZ units in the case of physical import and export of rough diamonds. The clearance for physical import and export of rough diamonds by the units under EOU/SEZ Schemes may be allowed only when such import and export consignments of rough diamonds are accompanied by “KP” Certificates. .

6. In case a rough diamond consignment is not accompanied by a KP Certificate, but otherwise in order, the importer in India may be given seven working days to arrange for the original KP Certificate for clearance of the said import consignment. If the importer is not able to submit the Original KP Certificate within the said period of seven working days, the goods would be sent back to the Exporting Authority (i.e the certifying authority) of the country of origin. All formalities in this regard would be completed by the GJEPC and cost of such shipment would also be borne by the GJEPC.

7. In case of import of rough diamonds through personal baggage, when specifically allowed under export promotion schemes like EOU/ SEZ, the above said procedure will apply mutatis mutandis provided that the rough diamonds have been declared to the Customs authorities at the port of departure as well

as port of arrival and other documents such as invoice, payment receipt etc are produced to the Customs at the airport on arrival by the passenger. In case the rough diamonds become liable for confiscation under section 111 of the Customs Act for any contravention, the goods should be absolutely confiscated by Customs.

8. It may also be kept in mind that under KPC Scheme, goods are not always physically inspected by the certifying authority at the time of issuance of KP Certificate. Similarly, Gems and Jewellery Export Promotion Council is also not physically inspecting the export consignment before issuing the KP certificate. Therefore, this aspect should be kept in mind while inspecting the import and export consignments.

9. Wide publicity may be given by issue of a Public Notice in this regard.

10. Kindly acknowledge receipt of this Circular.

11. Hindi version will follow soon.

C. P. Goyal
STO (FTT)
Phone 011-23093859