

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON WAYS AND MEANS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES ON PROPOSED TARIFF LEGISLATION ¹

[Date approved: August 6, 2001]²

Bill No.: H.R. 918; 107th Congress

Introduced by: Mr. HALL of Ohio (and others)

Similar and/or related³ bills: S. 787 and S. 1084

Summary of the bill:⁴

The bill would prohibit the importation of diamonds [of heading 7102 or 7113 of the Harmonized Tariff Schedule of the United States,⁵] unless the countries exporting the diamonds to the United States have in place a system of controls on rough diamonds, and would make certain related legal changes.

Effective date: The date that is six months after the date of enactment.

Through: n/a

Retroactive effect: None.

[The remainder of this memorandum is organized in five parts: (1) information about the bill's proponent(s) and the product which is the subject of this bill; (2) information about the bill's revenue effect; (3) contacts by Commission staff during preparation of this memorandum; (4) information about the domestic industry (if any); and (5) technical comments.]

¹ International trade analysts: Linda White (202-205-3427) and Selamawit Legesse (202-205-3493); attorney: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm>. Access to a paper copy is available at the Commission's Law Library (202-205-3287) or at the Commission's Main Library (202-205-2630).

³ "Similar bills" are bills in the other House, in the current Congress, which address, at least in part, the substance of this bill. "Related bills" are bills in the **same** House, in the current Congress, but which are either earlier (or later) in time than the bill which is the subject of this memorandum.

⁴ The product nomenclature is as set forth in the bill. See technical comments for suggested changes (if any).

⁵ See appendix A for definitions of tariff and trade agreement terms.

– THE PROPONENT AND THE IMPORTED PRODUCT –

The proponent firm/organization(s)			
Name of firm	Location contacted (city/state)	Date contacted	Response received? (Yes/No) ⁶
Amnesty International	Washington, DC	May 22, 2001	No
World Vision	Federal Way, WA	May 23, 2001	No
Physicians for Human Rights	Boston, MA	June 2, 2001	Yes
Oxfam America	Washington, DC	May 22, 2001	Yes
World Relief	Wheaton, IL	May 22, 2001	No
Commission on Social Action of Reform Judaism	New York, NY	May 22, 2001	No

Does the proponent plan any further processing or handling⁷ of the subject product after importation to its facilities in the United States (Y/N): No. All of the proponents of this bill are international human interest groups concerned with addressing social issues. Their only interest in the affected imported products is as a means to achieve the desired social results, not for their organization’s financial/economic benefit.

If “Yes,” provide location of this facility if different from above (city/state): n/a

If “No,” provide location of proponent’s headquarters or other principal facility if different from above (city/state): n/a

The imported product	
Description and uses	Country(s) of origin
Diamonds (Heading 7102): Diamonds are crystalline forms of carbon and the hardest known mineral. Natural diamonds are extracted from the earth and range in transparency from opaque stone to more pure stones with very high refractive index and light dispersion characteristics. Depending on the stone’s degree of purity, designated categories range from lower priced industrial quality stones to more pure, higher priced non-industrial (gem) quality stones.	Rough diamonds are imported from at least 75 countries. The higher valued imported diamonds are those that are

⁶ Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix C.

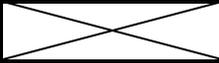
⁷ The phrase “further processing or handling” can include repackaging, storage or warehousing for resale, etc.

Description and uses (continue)	Country(s) of origin
<p>Unsorted diamonds (subheading 7102.10): Diamonds not yet graded and sorted by technical experts to determine a stone's industrial or non-industrial (gem) market and price value by evaluating each stone for crystallographic suitability for cutting, size, transparency, brilliance, color, and purity.</p> <p>Industrial diamonds (subheadings 7102.21-7102.29): Diamonds typically used for abrasion and wire drawing purposes.</p> <p>Non-industrial (gem) quality diamonds (subheadings 7102.31-7102.39): Diamonds typically used for articles of ornamentation or adornment, particularly jewelry.</p> <p>Diamond jewelry: No HTS provisions separately identify diamond jewelry in the product description.⁸</p> <p>Precious metal jewelry which may incorporate diamonds (heading 7113): HTS heading 7113 identifies jewelry of precious metal or of metal clad with precious metal incorporating gemstones (the diamonds or other stones are present as a minor constituent). The heading classifies articles according to the type of precious metal used to make the jewelry:</p> <ul style="list-style-type: none"> • 7113.11.50--diamonds set in silver jewelry; • 7113.19.21 - 7113.19.50--diamonds set in gold or platinum jewelry; and • 7113.20.21 - 7113.20.50--diamonds set in base metal clad with precious metal. <p>See appendix B, attachment A-1 notes 2 (a) and attachment A-2.</p> <p>Jewelry of precious or semiprecious stones (including diamonds): Jewelry of HTS subheading 7116.20.05 includes precious or semiprecious metal articles incorporating gemstones, valued not greater than \$40 per piece. Such jewelry must be found to have the essential character of such stones, with the precious metal being only a minor constituent. See appendix B, attachment A-1 notes 2 (b) and attachment A-3. Jewelry articles classified in HTS subheading 7116.20.15 include precious or semiprecious metal incorporating gemstones, valued over \$40 per piece. Again, the jewelry must have the essential character of such stones. See appendix B, attachment A-1 notes 2(b) and attachment A-3.</p>	<p>cut and polished. Attached is a list of diamond imports by country for 2000 in descending order of value. Also attached is a list of imports by subheading.</p> <p>Diamond jewelry is imported from more than 50 countries. Attached are lists of gemstone jewelry imports by country of origin for 2000 in descending order of value. See appendix E, attachment A-4.</p>

⁸ These articles of jewelry include bracelets, necklaces, rings, brooches, earrings, watches, chains, fobs, pendants, tie pins, cuff links, dress studs, religious or other medals and insignias, cigarette cases, powder boxes, chain purses, and pill boxes.

– EFFECT ON CUSTOMS REVENUE –

[*Note: This section is divided in two parts. The first table addresses the effect on customs revenue based on the duty rate for the HTS number set out in the bill. The second table addresses the effect on customs revenue based on the duty rate for the HTS number recommended by the Commission (if a different number has been recommended). Five-year estimates are given based on Congressional Budget Office “scoring” guidelines. If the indicated duty rate is subject to “staging” during the duty suspension period, the rate for each period is stated separately.*]

HTS number used in the bill: 7102⁹					
	2002	2003	2004	2005	2006
General rate of duty ¹⁰ (AVE) ¹¹	Free	Free	Free	Free	Free
Estimated value <i>dutiable</i> imports	0	0	0	0	0
Customs revenue loss	0	0	0	0	0

⁹ The HTS number is as set forth in the bill. See technical comments for suggested changes.

¹⁰ See appendix B for column 1-special and column 2 duty rates.

¹¹ AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>

HTS number used in the bill: 7113¹²					
	2002	2003	2004	2005	2006
General rate of duty ¹³ (AVE) ¹⁴	Range from 5% to 13.5%	Range from 5% to 13.5%	Range from 5% to 13.5%	Range from 5% to 13.5%	Range from 5% to 13.5%
Estimated value <i>dutiable</i> imports	\$3.6 billion ¹⁵	\$3.6 billion	\$3.6 billion	\$3.6 billion	\$3.6 billion
Customs revenue loss	\$0-199 million ¹⁶	\$0-199 million	\$0-199 million	\$0-199 million	\$0-199 million

HTS numbers recommended by the Commission: 7113.11.50, 7113.19.21 - 7113.19.50, 7113.20.21 - 7113.20.50, 7116.20.05, and 7116.20.15¹⁷					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	5.5%	5.5%	5.5%	5.5%	5.5%
Estimated value <i>dutiable</i> imports	\$2.5 billion ¹⁸	\$2.5 billion	\$2.5 billion	\$2.5 billion	\$2.5 billion
Customs revenue loss	\$0-137 million ¹⁹	\$0-137 million	\$0-137 million	\$0-137 million	\$0-137 million

¹² The HTS number is as set forth in the bill. Not all the HTS subheadings under heading 7113 include diamond jewelry in their scope. According to the U.S. Customs Service National Import Specialist, most imported diamond jewelry is classified in subheading 7113.19.50. See technical comments for suggested changes.

¹³ See appendix B for column 1-special and column 2 duty rates.

¹⁴ AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>

¹⁵ See appendix E, attachment A-5, table 1.

¹⁶ Actual revenue losses will likely be significantly smaller. This estimate of maximum revenue loss assumes that all entries under HTS heading 7113 are of diamond jewelry from countries that will not comply with requirement of H.R. 918. However, HTS heading 7113 covers many types of gold jewelry in addition to jewelry in which diamonds are set in articles of precious metal, and shipments from some countries would likely still be permissible. See appendix E, attachment A-5, table 2.

¹⁷ The HTS subheadings listed include all possible HTS provisions under which diamond jewelry could be classified, but the customs revenue loss is calculated using only imports under HTS subheadings 7113.19.50 and 7116.20.15. These HTS subheadings are selected to calculate the customs revenue loss because the Commission believes these two HTS subheadings account for the majority of diamond jewelry imports to the United States. See technical comments.

¹⁸ See appendix E, attachment A-6, table 1 and appendix E, attachment A-7, table 1.

¹⁹ See appendix E, attachment A-6, table 2 and appendix E, attachment A-7, table 1.

– CONTACTS WITH OTHER FIRMS/ORGANIZATIONS –

Contacts with firms or organizations <i>other than</i> the proponents			
Name of firm	Location contacted (city/state)	Date contacted	Response received? (Yes/No) ²⁰
Manufacturing Jewelers & Suppliers of America	Providence, RI	May 16, 2001	Yes
Diamond Manufacturers & Importers Assoc. of America	New York, NY	May 21, 2001	Yes
Great Western Diamond Co.	Brighton, MI	May 21, 2001	No
The Diamond Registry	New York, NY	May 21, 2001	Yes
Diamond Dealers Club	New York, NY	May 21, 2001	No
Mypodiamond Inc.	Gibbstown, NJ	May 23, 2001	No
GE Superabrasives	Worthington, OH	May 23, 2001	No
Tiffany and Company	New York, New York	June 6, 2001	Yes
Jewelers of America	New York, New York	June 19, 2001	No
Antwerp Diamond High Council	Antwerpen 1, Belgium	June 2, 2001	Yes
World Diamond Council	New York, NY	July 3, 2001	Yes

– THE DOMESTIC INDUSTRY –

*[Note: This section is divided in two parts. The first part lists non-confidential written submissions received by the Commission which assert that **the imported product itself** is produced in the United States and freely offered for sale under standard commercial terms. The second part lists non-confidential written submissions received by the Commission which assert either that (1) the imported product will be produced in the United States in the future; or (2) another product which **may compete** with the imported product is (or will be) produced in the United States and freely offered for sale under standard commercial terms. All submissions received by the Commission in connection with this*

²⁰ Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix D. Only statements submitted in connection with **this** bill will be included in the appendix.

bill prior to approval of the report will be included in appendix D. The Commission cannot, in the context of this memorandum, make any statement concerning the validity of these claims.]

Statements concerning current U.S. production			
Name of product	Name of firm	Location of U.S. production facility	Date received
None.			

Statements concerning “future” or “competitive” U.S. production			
Name of product	Name of firm	Location of U.S. production facility	Date received
None.			

– TECHNICAL COMMENTS –

*[The Commission notes that references to HTS numbers in temporary duty suspensions (i.e., proposed amendments to subchapter II of chapter 99 of the HTS) should be limited to **eight digits**. Ten-digit numbers are established by the Committee for Statistical Annotation of Tariff Schedules pursuant to 19 U.S.C. 1484(f) and are not generally referenced in statutory enactments.]*

Recommended changes to the nomenclature in the bill:

As indicated above, no HTS provisions separately identify “articles of jewelry of diamonds,” complicating enforcement and compliance, and including all of heading 7113 might require the suspension of liquidation or prohibition of importation of goods falling in certain subheadings covering jewelry that is not set with diamonds. In addition, HTS subheadings 7116.20.05 and 7116.20.15 identify jewelry set with gemstones, including diamonds, where the gemstone is considered to be the major constituent of the jewelry. Therefore, to identify and track all diamond jewelry imported into the United States, and reduce circumvention of United Nations Security Council Resolutions 55/56, these HTS subheadings should also be noted in the bill’s definition of the products. Such inclusion would further help to protect U.S. producers of diamond jewelry from being put at a disadvantage relative to foreign competitors exporting such jewelry incorporating “conflict diamonds” to the United States. Thus, it is suggested that the definitions in section 9 of the bill should be modified to indicate the likely HTS subheadings under which jewelry incorporating diamonds may be imported under heading 7113, or in the alternative an exclusion could be for those not covering such jewelry. In addition, HTS subheadings 7116.20.05 and 7116.20.15 should be added to the definition, in order to incorporate all the major HTS subheadings under which diamond jewelry could be classified. One approach would be to strike “or 7113” and to insert instead “or subheadings 7113.11.50, 7113.19.21 through 7113.19.50, 7113.20.21 through 7113.20.50, 7116.20.05, and 7116.20.15”.

We note that the definition of “United States” in section 9(3) extends beyond the definition employed in the HTS. The customs territory of the United States comprises the 50 states, the District of Columbia, and Puerto Rico, according to general note 2 to the HTS. Despite the fact that the definition states it is limited to usage “in the geographic sense,” we would note that the bill’s numerous references to importations might present problems for the Customs Service. That agency’s regulations would not consider a shipment from a third country to an insular possession of the United States to be an importation, resulting in the filing with Customs of an entry and giving it jurisdiction over the shipment. Moreover, because the freely associated states (see general note 10 to the HTS) receive the same treatment as Guam (an insular possession), the bill might likewise present enforcement problems. We would defer to Customs in dealing with such issues.

Recommended changes to any CAS numbers in the bill (if given): None.

Recommended changes to any Color Index names in the bill (if given): None.

*Basis for recommended changes to the HTS number used in the bill:*²¹ n/a

Other technical comments:

We note that it would be feasible to seek separate 6-digit international Harmonized System classifications for articles of jewelry of diamonds and that such additional provisions might help with enforcement. It would likewise be possible to establish 8-digit HTS subheadings to identify articles of jewelry containing diamonds separately from the goods of existing rate lines.

²¹ The Commission may express an opinion concerning the HTS classification of a product to facilitate the Committee’s consideration of the bill, but the Commission also notes that, by law, the U.S. Customs Service is the only agency authorized to issue a binding ruling on this question. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the **Tariff Schedules of the United States** (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are normal trade relations rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those listed in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam) plus Serbia and Montenegro, which are subject to the statutory rates set forth in **column 2**. Specified goods from designated general-rate countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of September 30, 2001. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994 by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act** (APTA) (general note 5) and the **Agreement on Trade in Civil Aircraft** (ATCA) (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX. Pursuant to the **Agreement on Textiles and Clothing** (ATC) of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement** (MFA)). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

Rev. 1/4/00

APPENDIX B

**SELECTED PORTIONS OF THE
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

[Note: Appendix may not be included in the electronic version of this memorandum.]

APPENDIX C

STATEMENTS SUBMITTED BY THE PROPONENTS

[Note: Appendix C may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]

Conflict Diamonds Drive Wars in Africa

April 2001

Oxfam America is calling on the U.S. public and legislators to support the Clean Diamonds Act, banning “conflict diamonds” from the U.S. market.

- Illicit diamond sales are funding wars in Africa: Wars fought primarily for control of diamond resources are devastating communities and destroying the future for millions of Africans. And as long as combatants can fund their activities through diamond sales, these wars are likely to continue.**
- An international system to track diamonds is needed: The United States should support the emerging international system to document the origin of all rough diamonds in order to curb sales of “conflict diamonds.” By building a transparent, effective system that requires a true statement of origin of all rough stones, diamond dealers and jewelers can be confident that they do not increase the suffering of innocent Africans through their business. Just as importantly, this international system will protect legitimate producers of diamonds in Africa, who use the proceeds of diamond sales responsibly to fight poverty and build self-sufficiency.**
- The United States should ban “conflict diamonds”: To complement the international diamond documentation system, the United States should pass the Clean Diamonds Act. This Act will also help guarantee that U.S. consumers, who buy 65% of the world’s diamonds, are not funding wars in Africa through their purchases.**

Civilian populations in the Democratic Republic of Congo, Sierra Leone, and Angola -- nearly 70 million people -- are suffering violence and human rights violations at the hands of armed groups fighting civil wars. The war in Sierra Leone is also destabilizing the surrounding countries, and as of the winter and spring of 2001 there is now fighting in Guinea and Liberia. According to the Congressional Research Service, 6.4 million people have been displaced by wars in these three countries. In some of these conflicts, armed groups are fighting for control of diamond-rich areas, where they terrorize local populations and seize the diamond resources to buy weapons. Some 2.4 million have died in these wars, and millions of others face an uncertain future of poverty and misery. These civil wars impede development, provoke widespread hunger and food insecurity, and derail education. Countries and regions affected by such conflict are seeing entire generations growing up with no opportunities or prospects for a healthy life. People live in a constant state of fear as their livelihoods and futures are destroyed. To make things worse, diamond revenues are being misused to fund such conflicts, instead of being invested in infrastructure such as roads, hospitals, and schools.

Ban Conflict Diamonds

One step toward ending these wars is to ban the trade in these “conflict diamonds” through a global system. Such a system is now being created by diamond processing companies and government representatives. This so-called “Kimberley Process,” initiated in May 2000 in Kimberley, South Africa, will offer the means to track and document the origin of rough diamonds. Countries where the rough stones are cut and polished will not import any diamonds that do not comply with this new system. Countries that then import or export cut and polished diamonds must enact legislation banning imports of conflict diamonds in order to make the certification scheme work.

In the United States, the largest importer of diamonds in the world, legislation called the Clean Diamonds Act (H.R. 918) was introduced in the House of Representatives in March by Representative Tony Hall (D, Ohio), Frank Wolf (R, Virginia), and Cynthia McKinney (D, Georgia). The Clean Diamonds Act will eliminate conflict diamonds from the U.S. market and complement the international system under development through the Kimberley Process. Americans currently buy 65 percent of the world’s diamonds, so it is essential for the success of the emerging international system that the U.S. market excludes conflict diamonds. The Clean Diamonds Act and the Kimberley Process aim to reduce the incentive to fight for control of diamond-producing areas and make armed groups more inclined to seek peace.

Profiting from War

The conflicts in Angola, Sierra Leone, and the Democratic Republic of Congo fit a pattern of civil conflict that can be seen in countries rich in natural resources such as diamonds. These civil conflicts may appear to be liberation struggles, but they are all too frequently conflicts over control of commodities such as diamonds, which can be mined or gathered and exported easily. This reality was sometimes obscured during the Cold War, when rival superpowers would fund opposing groups in order to consolidate their respective spheres of influence, but even then, the fighting sometimes prioritized access to mineral resources rather than political control. In the post-Cold War era, it is easier to see that some groups and individuals profit from war and have no incentive to seek peace so long as they continue to prosper from control of commodity exports such as diamonds. These combatants can be government forces, so-called rebel groups, and even mercenaries working for diamond prospectors. Commodities like diamonds, which can be exported in raw form and are, to non experts, indistinguishable from those originating in a peaceful country, are easy to sell on existing international markets. Countries with few (or only one) primary exports are more prone to such a violent consolidation of control over income from the nation’s resources.¹

The illicit diamond trade is also fueling the illegal trade in small arms. The United Nations estimates that there are 500 million small arms in circulation worldwide, and that between 40 and 60 percent of small-arm trafficking is illegal. The International Action Network on Small Arms estimates that there are eight million illegal light weapons in West Africa alone. These weapons are inexpensive. According to a report by the U.S. State Department, “AK-47s sell for as little as \$6 in some African countries. ..it is cheaper and easier to buy an AK-47 than to attend a movie or provide a decent meal.”² There are elaborate networks set up to sell weapons to groups that can pay in diamonds. Curtailing the trade in conflict diamonds will help address this arms control problem.

¹ See Collier, Paul; “Doing Well Out of War: An Economic Perspective” in *Greed and Grievance*; p. 94-111; Lynne Rienner, Boulder, Colo.

² “Arms and Conflict in Africa,” Bureau of Intelligence and Research, Bureau of Public Affairs, U.S. State Department, July 1999.

International Systems to Ban Conflict Diamonds

Last summer the World Diamond Congress met in Antwerp to discuss how best to ensure that all diamonds sold can be confidently labeled as “conflict-free.” De Beers, one of the largest companies, called on the World Diamond Congress to introduce a standard documentation process for all importing countries that would require a true statement of origin for all stones. If implemented, this would curb the trafficking of diamonds from conflict areas through other countries before being admitted to major cutting and export centers. Other important players in the diamond industry have recently announced a number of positive steps, including threats by De Beers, the Diamond High Council, the Israeli Diamond Exchange, and India to ban any dealer who knowingly trades in diamonds obtained from rebel movements in Africa.

Some companies now declare that their internal procedures exclude conflict diamonds from their business. This will not be true until the diamond industry as a whole, including diamond mining, cutting, exporting, and importing countries, establish a system that will end the trade in conflict stones, or greatly reduce its profits. Such a “rough controls” regime will require a comprehensive, transparent way to establish the origin of a diamond. Rules are also necessary for legitimate export and import centers, customs and excise regimens in importing countries, and international inspection of diamond packets.

The Clean Diamonds Act

Oxfam America has joined a coalition of international non-governmental organizations concerned about Africans and their communities to call for support for a law that will ban conflict diamond imports to the United States. It is called the Clean Diamonds Act (H.R. 918), and was introduced in the U.S. House of Representatives in March.

By requiring all diamonds imported to the United States to be part of the verified “clean stream,” the Clean Diamonds Act would help guarantee to U.S. consumers that any diamonds they buy do not fund violence. The requirements for such an international system of controls being created by the Kimberley Process would include, for example:

- Diamonds exported from producing countries would be sealed in transparent containers by government officials, and include documentation certifying the country of origin, carat weight of the stones, and a unique export registration number. It would be illegal to import diamonds unless they were sealed and documented in this way.
- Establishment of a database for rough diamond exports in each country, including countries engaged in re-exporting rough diamonds.
- An advisory commission appointed by the President would monitor these requirements and develop a labeling system signifying to the U.S. consumer that a diamond is “clean.” U.S. government agencies would also ensure the system’s implementation.

Finally, all proceeds from fines and diamonds seized in the United States because they were imported in violation of the Clean Diamonds Act would be added to a fund for war victims administered by the U.S. Agency for International Development.

The Clean Diamonds Act will also protect the majority of legitimate producers of diamonds. Public outcry around the conflict diamond issue is potentially damaging to the legitimate suppliers of diamonds from other countries in Africa. These countries rely on diamonds to fund, among other things, their health and education ministries. Right now American consumers concerned about the origin of diamonds cannot tell if they are buying legitimate gems, or ones that are funding unspeakable human rights violations against innocent people.

These problems of war, poverty, corruption, and injustice can be overwhelming. However, the Clean Diamonds Act offers a tangible step toward solving these complicated problems. It will help guarantee that all diamonds sold in the United States do not contribute to the suffering of innocent people. The promulgation of the Clean Diamonds Act will encourage the creation of a larger international system that will stop armed combatants from accessing arms, and funding their activities.

The Effects of the Conflict Diamond Trade

Estimated conflict-related statistics from the Congressional Research Service

Angola

Refugees	over 340,000 (estimated in November 2000)
Internally Displaced Persons	2.7 million (estimated in July 2000)
Deaths	at least 650,000 conflict-related deaths from 1974-1999
Child Soldiers	5,000 – 7,000 (estimated in 1997; figure could be higher)
Military Spending	\$1.005 billion in 1999
Humanitarian Spending	\$202 million estimated need by UN for 2001

Democratic Republic of Congo

Refugees	310,000 (estimated in neighboring states, Nov. 2000) DRC hosts 335,800 from neighboring countries
Internally Displaced Persons	1.8 million (estimated in November 2000)
Deaths	1.7 million direct and indirect war related deaths (estimated for the period August 1998 to May 2000)
Child Soldiers	No figures available. The International Coalition to Stop the Use of Child Soldiers estimated that just one rebel group used 10,000 child soldiers in 1997.
Military Spending	\$400 million in 1999
Humanitarian Spending	\$139.4 million estimated need by UN for 2001

Sierra Leone

Refugees	490,000 (estimated in neighboring states, September 2000)
Internally Displaced Persons	Between 500,000 to over 1 million. Upsurge in fighting in May 2000 resulted in an additional displacement of 300,000
Deaths	Between 20,000 to 50,000 estimated total deaths related to conflict since 1991
Child Soldiers	5,000 to 5,400 in direct combat roles; 5,000 or more used in combat support roles.
Military Spending	\$11 million in 1999; the UN appropriated \$476 million for UNAMSIL peacekeeping mission for one year
Humanitarian Spending	\$79 million estimated need for 2001

For more information on Oxfam America's work on this issue, please go to our web page, www.oxfamamerica.org or call Bernice Romero at 202-496-1302.

To: Selamawit Legesse
From: Holly Burkhalter
Cc:
Subject: diamond legislation
Attachment: hollyb2.vcf

Date: 7/5/2001 1:40 PM

To whom it may concern:

Physicians for Human Rights, a nongovernmental organization that coordinates the Campaign to Eliminate Conflict Diamonds, has the following views on legislation introduced in the House and Senate on conflict diamonds: Our campaign was consulted extensively as HR918 was written, and also had conversations with Senator Gregg's staff as S.787 was developed. Either bill, if enacted, would help push along the international process for developing a regimen for controlling the diamond trade. HR918 is the stronger bill, requiring that countries wishing to export diamonds into the US market have in place the Kimberley regimen, whereas S.787 has a looser standard and no deadline by which the formal regimen is required. There are other important differences as well. S.787 excludes diamond jewelry -- a loophole that we view as potentially dangerous. The penalties for violators are lower in S.787, and the bill does not address EXIM Bank and OPIC funding for diamond operations abroad. Nonetheless, both make a valuable contribution by focusing on the problem of conflict diamonds and suggesting a system by which the President identifies appropriate countries on the basis of their participation in or cooperation with the international system that we support. Both bills have been largely superceded by S.1084, which was introduced in the United States Senate by Senators Durbin, Dewine and Feingold on June 21. This bill represents a compromise between the human rights non-governmental groups that make up the Campaign to Eliminate Conflict Diamonds and the diamond industry. It bridges the differences between the ngo-supported HR918 and the industry-supported S.787 and is acceptable to both sides. The bill S.1084 is likely to be more acceptable to the executive branch than either of the other two in that it includes presidential waiver authority, and it addresses concerns about WTO compatibility. We in the human rights and humanitarian community welcome the support of the diamond industry for strong legislation in the form of S.1084, and expect that a House companion bill will be introduced in the near future.

APPENDIX D

STATEMENTS SUBMITTED BY OTHER FIRMS/ORGANIZATIONS

[Note: Appendix D may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]

July 2,2001
Salam Legesse

As requested by your office, I am enclosing some brief comments regarding the Conflict Diamonds Legislation introduced by Representative Tony Hall (DOH) HR 918 “ The Clean Diamonds Act”.

Manufacturers, Jewelers and Suppliers of America Inc located in Providence Rhode Island currently represent over 1,700 members in the United States of America. The primary mission of MJSA is to act as the representative of the jewelry manufactures. Our members interface with all aspects of precious, semi-precious, findings and gemstones from throughout the world. The issue of Conflict Diamonds has had overwhelming support from our membership. The entire association / membership all fell compelled to tackle this most thorny issue.

This 2001 congressional session has seen the introduction of two pieces of Conflict Diamonds Legislation . Senate bill number S787 and house bill number HR919.

MJSA had reviewed both pieces of legislation and had made a determination of fact to support the House version HR919.

However in the closing weeks of June 2001 a compromise piece of legislation was introduced by Senators Durbin(D-IL) ,Feingold (D-WI) and Dewine(R-OH) S1084 Clean Diamonds Act, .MJSA along with other segments of the Jewelry industry has agreed to support S-1084 in its entirety.

Therefore MJSA has withdrawn its support for HR-919 and will now fully support Senate bill number S-1084.

Thank you for this opportunity to comment on this most important matter.

Thomas J Rossi
General Manager
MJSA 45 Royal Little Drive
Prov.02904
Rhode Island

Dear Selam,

The HRD, representing the Belgian diamond sector, is a member of the World Diamond Council (WDC).

As such, we support the Bill S.1084, introduced by Senators Durbin, Feingold and DeWine.

This bill is a consensus measure between the Bill of Rep. Hall and Senator Gregg, endorsed by both politicians, the diamond industry and the NGO's. It combines we believe strong measures with efficiency.

I remain at your disposal for any further comments.

Sincerely,

Youri STEVERLYNCK
Director Corporate Affairs HRD
Antwerp Diamond High Council

HR 918 and S 787

Dear Selam:

As we discussed Tiffany and Company supports effective U.S. legislation designed to end the trade in so-called conflict diamonds by restricting the import of such items into the United States.

Of the two bills, Tiffany believes that S 787 is the more appropriate and likely to be more effective. However, with certain modifications HR 918 could be made acceptable.

Several features of HR 918 are unacceptable: first, the provision in Section 3 requiring that the number of rough diamonds contained in the sealed container is unworkable, unnecessary and likely to lead to significant delays in processing transactions; second, the provisions for a labeling system for consumers at the point of sale will hurt the U.S. retail industry; third, the bill contains limited flexibility with respect to how the President will implement the import bans provided under the bill and risks challenges under international law, particularly the WTO; and fourth, the findings contained in the bill are inaccurate and harmful to the legitimate industry.

Tiffany stress that HR 918 could, with minor modifications, be made acceptable and that prompt action to enact and enforce a workable is both desirable and necessary to protect the integrity of the diamond jewelry industry in the U.S.

Sincerely,

Patrick B. Dorsey, Senior Vice President, Secretary and General Counsel

107TH CONGRESS
1ST SESSION

H. R. 918

To prohibit the importation of diamonds unless the countries exporting the diamonds into the United States have in place a system of controls on rough diamonds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2001

Mr. HALL of Ohio (for himself, Mr. WOLF, Ms. MCKINNEY, Mr. RANGEL, Ms. DELAURO, Mr. EHLERS, Mr. LANTOS, Mr. ABERCROMBIE, Mr. CAPUANO, Mr. HALL of Texas, Ms. BALDWIN, Mr. BENTSEN, Mr. BROWN of Ohio, Mr. CROWLEY, Mr. EVANS, Mr. FRANK, Mr. HILLIARD, Mr. LAHOOD, Mr. GEORGE MILLER of California, Mr. MOAKLEY, Mrs. MORELLA, Mr. NADLER, Ms. RIVERS, Mr. SANDERS, Mr. SERRANO, Mr. CLAY, Mr. MEEKS of New York, Mr. MCGOVERN, Mr. FILNER, Mr. UDALL of Colorado, Mr. STARK, Ms. MILLENDER-MCDONALD, Ms. PELOSI, Mr. SNYDER, Mr. TANCREDO, Mr. COYNE, Mr. CONYERS, Mr. PETERSON of Pennsylvania, Mr. LARSEN of Washington, Mr. ACKERMAN, Mr. SABO, Mr. HINCHEY, Ms. CARSON of Indiana, Mr. WAXMAN, Mrs. ROUKEMA, Mr. ENGEL, Mr. OLVER, Mr. MARKEY, Mr. CUMMINGS, Mr. FALCOMA, Mr. MCDERMOTT, Mr. ANDREWS, Mr. JEFFERSON, Mrs. CHRISTENSEN, Mrs. CLAYTON, Mr. BAIRD, Ms. VELÁZQUEZ, Mr. DOYLE, Mr. FATTAH, Mr. JACKSON of Illinois, Mr. WYNN, Mr. TOWNS, Mr. FORD, Mr. HASTINGS of Florida, Mrs. JONES of Ohio, Mr. RUSH, Ms. BROWN of Florida, Mr. OWENS, Mrs. MEEK of Florida, Ms. JACKSON-LEE of Texas, Ms. LEE, Mr. BISHOP, Ms. NORTON, Mr. SMITH of New Jersey, Mr. DELAHUNT, Ms. WATERS, Mr. LUTHER, Mr. PAYNE, Mr. CLYBURN, and Mr. MEEHAN) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on International Relations, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit the importation of diamonds unless the countries exporting the diamonds into the United States have in place a system of controls on rough diamonds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clean Diamonds Act”.

5 **SEC. 2. FINDINGS.**

6 Congress finds the following:

7 (1) Diamonds are being used by rebels and dic-
8 tators to finance military activities, overthrow legiti-
9 mate governments, subvert international efforts to
10 promote peace and stability, and commit horrifying
11 atrocities against unarmed civilians. During the past
12 decade, more than 6,500,000 people from Sierra
13 Leone, Angola, and the Democratic Republic of the
14 Congo have been driven from their homes by wars
15 waged in large part for control of diamond mining
16 areas. A million of these are refugees eking out a
17 miserable existence in neighboring countries, and
18 tens of thousands have fled to the United States.
19 Approximately 2,400,000 people have died in the
20 fighting.

1 (2) The countries caught in this fighting are
2 home to nearly 70,000,000 people whose societies
3 have been torn apart not only by fighting, but by the
4 thousands of children forced to become soldiers, by
5 the tens of thousands of women and girls raped and
6 forced into sexual slavery, and by a campaign of
7 forced amputations that has maimed and killed even
8 more men, women, and children.

9 (3) In the past decade, the United States Gov-
10 ernment has sent more than \$2,000,000,000 in hu-
11 manitarian aid to the people caught up in the wars.
12 Over the same period, approximately
13 \$10,000,000,000 in diamonds were smuggled out of
14 these same countries. Much of this money was used
15 to continue and spread the wars.

16 (4) The United States Government and human
17 rights advocates recently began working to block the
18 trade in conflict diamonds. Their efforts have helped
19 to build a consensus that action is urgently needed,
20 and they have persuaded the legitimate diamond in-
21 dustry that its own interests demand a comprehen-
22 sive effort to end the diamond smuggling that fuels
23 these conflicts.

24 (5) The United Nations Security Council, act-
25 ing under chapter VII of the Charter of the United

1 Nations, has prohibited all states from importing
2 diamonds from, and exporting weapons to, certain
3 countries affected by diamond-related conflicts. Un-
4 fortunately, diamond smugglers continue funding
5 rebel movements, and the sanctions have not been
6 sufficiently effective to achieve their goals. In turn,
7 this illicit trade has facilitated trade in narcotics,
8 arms proliferation, regional destabilization, money
9 laundering, and other criminal enterprises. This has
10 severely hampered efforts by the United States to
11 safeguard its citizens from drugs, terrorism, and
12 other threats to the security of the American people.

13 (6) Without effective action to prohibit trade in
14 conflict diamonds, the trade in legitimate diamonds
15 faces the threat of a consumer backlash that could
16 damage the economies of countries not involved in
17 the trade in conflict diamonds and penalize members
18 of the legitimate trade and the people they employ.
19 To prevent that, South Africa and more than 20
20 other countries are involved in working, through the
21 “Kimberley Process”, toward devising a solution to
22 this problem. As the consumer of two-thirds of the
23 world’s supply of diamonds, the United States has
24 an obligation to help sever the link between dia-

1 monds and conflict and press for implementation of
2 an effective solution.

3 **SEC. 3. RESTRICTIONS ON IMPORTATION OF DIAMONDS.**

4 (a) RESTRICTIONS.—

5 (1) REQUIREMENTS FOR IMPORTED DIA-
6 MONDS.—Diamonds may not be imported into the
7 United States unless the country exporting the dia-
8 monds to the United States is implementing a sys-
9 tem of controls on the export and import of rough
10 diamonds that meets the requirements of paragraph
11 (2), consistent with United Nations General Assem-
12 bly Resolution 55/56 adopted on December 1, 2000,
13 or a future international agreement which imple-
14 ments such controls and to which the United States
15 is a signatory.

16 (2) REQUIREMENTS FOR SYSTEM OF CON-
17 TROLS.—The system of controls referred to in para-
18 graph (1) shall include the following:

19 (A) Rough diamonds, when exported from
20 the country in which they were extracted, shall
21 be sealed in a secure, transparent container or
22 bag by appropriate government officials of that
23 country.

1 (B) The sealed container or bag described
2 in subparagraph (A) shall include a fully visible
3 document that—

4 (i) certifies the country from which
5 the rough diamonds were extracted;

6 (ii) records a unique export registra-
7 tion number for, and the total carat weight
8 and number of, the rough diamonds in the
9 container or bag; and

10 (iii) is issued by the government of
11 that country.

12 (C) The country from whose territory the
13 rough diamonds are exported shall establish a
14 database containing at least the information on
15 exports of rough diamonds described in sub-
16 paragraph (B).

17 (D) Any country into whose territory the
18 rough diamonds are first imported prior to
19 polishing or other processing—

20 (i) shall permit importation of the
21 rough diamonds only in a container or bag
22 described in subparagraphs (A) and (B);
23 and

24 (ii) can verify, on the basis of docu-
25 mentation provided to it by electronic or

1 other reliable means, the legitimacy of the
2 export document included in the sealed
3 container or bag in which the rough dia-
4 monds were shipped, using the database
5 maintained in the country of export.

6 (E) Appropriate government authorities
7 shall conduct physical inspections of the sealed
8 containers and bags of rough diamonds to en-
9 sure compliance with the requirements of this
10 paragraph.

11 (b) MONITORING.—The President shall ensure that
12 the system of controls described in subsection (a) is mon-
13 itored by appropriate agencies of the United States.

14 (c) PRESIDENTIAL ADVISORY COMMISSION.—

15 (1) PURPOSES.—The President shall appoint an
16 advisory commission, the purposes of which shall
17 be—

18 (A) to make recommendations to the Presi-
19 dent on the effectiveness of the monitoring
20 under subsection (b), and on ways to improve
21 such monitoring; and

22 (B) to develop a labeling system, that
23 could be used by diamond and jewelry vendors,
24 that would certify to consumers that a diamond
25 imported into the United States has been sub-

1 ject to a system of controls on rough diamonds
2 described in subsection (a).

3 (2) MEMBERSHIP.—The advisory commission
4 shall be composed of 11 members, 3 of whom shall
5 be representatives of private voluntary organizations,
6 and 2 of whom shall be representatives of the dia-
7 mond industry. The remaining members may be ap-
8 pointed from appropriate agencies of the United
9 States and other interested parties.

10 **SEC. 4. PENALTIES.**

11 (a) IN GENERAL.—Violations of section 3 are subject
12 to civil and criminal penalties under the laws of the United
13 States to the same extent as any other violation of the
14 customs laws of the United States.

15 (b) BLOCKING ASSETS AND PROHIBITING TRANS-
16 ACTIONS.—The President may exercise the authorities he
17 has under the International Economic Powers Act (50
18 U.S.C. 1701 et seq.), without regard to section 202 of that
19 Act, to block, and prohibit transactions in, property owned
20 or controlled by any person who exports diamonds to the
21 United States from a country that fails to meet the re-
22 quirements of section 3(a) of this Act. The penalties pro-
23 vided in section 206 of the International Economic Powers
24 Act shall apply to violations of licenses, orders, or regula-
25 tions issued under this subsection to the same extent as

1 such penalties apply with respect to violations under that
2 Act.

3 (c) PROCEEDS FROM FINES AND FORFEITED
4 GOODS.—The proceeds derived from fines imposed for vio-
5 lations of section 3(a), and from the seizure and forfeiture
6 of goods imported in violation of section 3(a), shall, in ad-
7 dition to amounts otherwise available for such purposes,
8 be available only for—

9 (1) the War Victims Fund administered by the
10 Agency for International Development or any suc-
11 cessor program to assist victims of foreign wars; and

12 (2) grants under section 131 of the Foreign As-
13 sistance Act of 1961 (22 U.S.C. 2152a).

14 **SEC. 5. RESTRICTIONS ON OPIC AND EXPORT-IMPORT**
15 **BANK.**

16 (a) OPIC.—The Overseas Private Investment Cor-
17 poration may not insure, reinsure, guarantee, or finance
18 any investment in connection with a project involving the
19 mining, polishing or other processing, or sale of diamonds
20 in a country that fails to meet the requirements of section
21 3(a).

22 (b) EXPORT-IMPORT BANK.—The Export-Import
23 Bank of the United States may not guarantee, insure, ex-
24 tend credit, or participate in an extension of credit in con-
25 nection with the export of any goods to a country for use

1 in an enterprise involving the mining, polishing or other
2 processing, or sale of diamonds in a country that fails to
3 meet the requirements of section 3(a).

4 **SEC. 6. ANNUAL REPORT.**

5 The President shall transmit to the Congress, not
6 later than 6 months after the date of the enactment of
7 this Act, and not later than September 30 of each subse-
8 quent calendar year, a report—

9 (1) describing and evaluating the effectiveness
10 of the system of controls on trade in diamonds de-
11 scribed in section 3(a);

12 (2) identifying those countries that are imple-
13 menting those controls;

14 (3) identifying those countries that are not im-
15 plementing those controls, and describing the effects
16 of that failure on the trade in diamonds used to sup-
17 port conflict in the country or regions in which the
18 diamonds are extracted; and

19 (4) describing in detail technological develop-
20 ments that allow—

21 (A) the determination of where a diamond
22 was mined; and

23 (B) the marking and tracking of rough
24 and polished diamonds.

1 **SEC. 7. GAO REPORT.**

2 Not later than 3 years after the date of the enact-
3 ment of this Act, the Comptroller General of the United
4 States shall report to the Congress on the effectiveness
5 of the provisions of this Act in preventing the importation
6 of diamonds traded in violation of the system of controls
7 described in section 3(a). The Comptroller General shall
8 include in the report any recommendations on any modi-
9 fications to this Act that may be necessary.

10 **SEC. 8. NEGOTIATION OF INTERNATIONAL AGREEMENT.**

11 It is the sense of the Congress that the President
12 should take the necessary steps to negotiate an inter-
13 national agreement, working in concert with the Kim-
14 berley Process referred to in section 2(6), to eliminate the
15 trade in diamonds used to support conflict in the country
16 or regions in which the diamonds are extracted. Such an
17 agreement should create an effective global certification
18 system covering diamond exporting and importing coun-
19 tries, and should include those elements described in sec-
20 tion 3(a)(2).

21 **SEC. 9. DEFINITIONS.**

22 In this Act:

23 (1) **DIAMONDS.**—The term “diamonds” in-
24 cludes any diamonds or diamond jewelry, classified
25 under heading 7102 or 7113 of the Harmonized
26 Tariff Schedule of the United States, other than dia-

1 mond jewelry not exceeding \$25,000 in value im-
2 ported by or on account of a person for personal use
3 and accompanying that person upon entry into the
4 United States.

5 (2) ROUGH DIAMONDS.—The term “rough dia-
6 monds” means diamonds that are unworked, or sim-
7 ply sawn, cleaved, or bruted, classified under head-
8 ing 7102 of the Harmonized Tariff Schedule of the
9 United States.

10 (3) UNITED STATES.—The term “United
11 States”, when used in the geographic sense, means
12 the several States, the District of Columbia, and any
13 commonwealth, territory, or possession of the United
14 States.

15 **SEC. 10. EFFECTIVE DATE AND WAIVERS.**

16 (a) IN GENERAL.—Except as provided in subsection
17 (b), this Act shall take effect on the date that is 6 months
18 after the date of the enactment of this Act.

19 (b) WAIVER AUTHORITY.—The President may waive
20 the applicability of this Act with respect to a country for
21 a period of not more than 6 months if the President, be-
22 fore granting the waiver—

23 (1) determines that the country is making sig-
24 nificant progress toward concluding an international
25 agreement described in section 8 or is implementing

1 the system of controls on the export and import of
2 rough diamonds described in section 3(a); and

3 (2) transmits that determination, with the rea-
4 sons therefor, to the Congress.

○