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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. FALDOMAVAEGA, 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.

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