

## Calendar No. 248

107TH CONGRESS  
1ST SESSION

# H. R. 2722

---

IN THE SENATE OF THE UNITED STATES

NOVEMBER 29, 2001

Received; read the first time

NOVEMBER 30, 2001

Read the second time and placed on the calendar

---

## AN ACT

To implement effective measures to stop trade in conflict  
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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Clean Diamond Trade  
3 Act”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Funds derived from the sale of rough dia-  
7 monds are being used by rebels and state actors to  
8 finance military activities, overthrow legitimate gov-  
9 ernments, subvert international efforts to promote  
10 peace and stability, and commit horrifying atrocities  
11 against unarmed civilians. During the past decade,  
12 more than 6,500,000 people from Sierra Leone, An-  
13 gola, and the Democratic Republic of the Congo  
14 have been driven from their homes by wars waged  
15 in large part for control of diamond mining areas.  
16 A million of these are refugees eking out a miserable  
17 existence in neighboring countries, and tens of thou-  
18 sands have fled to the United States. Approximately  
19 3,700,000 people have died during these wars.

20 (2) The countries caught in this fighting are  
21 home to nearly 70,000,000 people whose societies  
22 have been torn apart not only by fighting but also  
23 by terrible human rights violations.

24 (3) Human rights advocates, the diamond trade  
25 as represented by the World Diamond Council, and  
26 the United States Government recently began work-

1       ing to block the trade in conflict diamonds. Their ef-  
2       forts have helped to build a consensus that action is  
3       urgently needed to end the trade in conflict dia-  
4       monds.

5               (4) The United Nations Security Council has  
6       acted at various times under chapter VII of the  
7       Charter of the United Nations to address threats to  
8       international peace and security posed by conflicts  
9       linked to diamonds. Through these actions, it has  
10       prohibited all states from exporting weapons to cer-  
11       tain countries affected by such conflicts. It has fur-  
12       ther required all states to prohibit the direct and in-  
13       direct import of rough diamonds from Angola and  
14       Sierra Leone unless the diamonds are controlled  
15       under specified certificate of origin regimes and to  
16       prohibit absolutely for a period of 12 months the di-  
17       rect and indirect import of rough diamonds from Li-  
18       beria.

19               (5) In response, the United States implemented  
20       sanctions restricting the importation of rough dia-  
21       monds from Angola and Sierra Leone to those dia-  
22       monds accompanied by specified certificates of origin  
23       and fully prohibiting the importation of rough dia-  
24       monds from Liberia. In order to put an end to the  
25       emergency situation in international relations, to

1 maintain international peace and security, and to  
2 protect its essential security interests, and pursuant  
3 to its obligations under the United Nations Charter,  
4 the United States is now taking further action  
5 against trade in conflict diamonds.

6 (6) Without effective action to eliminate trade  
7 in conflict diamonds, the trade in legitimate dia-  
8 monds faces the threat of a consumer backlash that  
9 could damage the economies of countries not in-  
10 volved in the trade in conflict diamonds and penalize  
11 members of the legitimate trade and the people they  
12 employ. To prevent that, South Africa and more  
13 than 30 other countries are involved in working,  
14 through the “Kimberley Process”, toward devising a  
15 solution to this problem. As the consumer of a ma-  
16 jority of the world’s supply of diamonds, the United  
17 States has an obligation to help sever the link be-  
18 tween diamonds and conflict and press for imple-  
19 mentation of an effective solution.

20 (7) Failure to curtail the trade in conflict dia-  
21 monds or to differentiate between the trade in con-  
22 flict diamonds and the trade in legitimate diamonds  
23 could have a severe negative impact on the legiti-  
24 mate diamond trade in countries such as Botswana,  
25 Namibia, South Africa, and Tanzania.

1 (8) Initiatives of the United States seek to re-  
2 solve the regional conflicts in sub-Saharan Africa  
3 which facilitate the trade in conflict diamonds.

#### 4 SEC. 3. DEFINITIONS.

## 5 In this Act:

6 (1) CONFLICT DIAMONDS.—The term “conflict  
7 diamonds” means rough diamonds the import of  
8 which is prohibited by United Nations Security  
9 Council Resolutions because that trade is fueling  
10 conflict.

15 (3) POLISHED DIAMONDS.—The term “polished  
16 diamonds” means diamonds classifiable under sub-  
17 heading 7102.39.00 of the Harmonized Tariff  
18 Schedule of the United States.

24 (5) UNITED STATES.—The term “United  
25 States”, when used in the geographic sense, means

1 the several States, the District of Columbia, and any  
2 commonwealth, territory, or possession of the United  
3 States.

4 **SEC. 4. MEASURES TO PREVENT IMPORTS OF CONFLICT**

5 **DIAMONDS.**

6 (a) **AUTHORITY OF THE PRESIDENT.**—The President  
7 may prohibit, in whole or in part, imports of rough dia-  
8 monds into the United States from any country that does  
9 not take effective measures to stop trade in conflict dia-  
10 monds as long as the prohibition is—

11 (1) necessary to protect the essential security  
12 interests of the United States, or pursuant to United  
13 Nations Security Council Resolutions on conflict dia-  
14 monds; and

15 (2) consistent with the foreign policy interests  
16 of the United States, including the international ob-  
17 ligations of the United States.

18 (b) **EFFECTIVE MEASURES.**—For purposes of this  
19 Act, effective measures are measures that—

20 (1) meet the requirements of United Nations  
21 Security Council Resolutions on trade in conflict dia-  
22 monds;

23 (2) meet the requirements of an international  
24 arrangement on conflict diamonds as long as the  
25 measures also meet the requirements of United Na-

1       tions Security Council Resolutions on trade in con-  
2       flict diamonds; or

3               (3) contain the following elements, or their  
4       functional equivalent, if such elements are sufficient  
5       to meet the requirements of United Nations Security  
6       Council Resolutions on trade in conflict diamonds:

7                       (A) With respect to exports from countries  
8       where rough diamonds are extracted, secure  
9       packaging, accompanied by officially validated  
10      documentation certifying the country of origin,  
11      total carat weight, and value.

12                       (B) With respect to exports from countries  
13       where rough diamonds are extracted, a system  
14       of verifiable controls on rough diamonds from  
15       mine to export.

16                       (C) With respect to countries that reexport  
17       rough diamonds, a system of controls designed  
18       to ensure that no conflict diamonds have en-  
19       tered the legitimate trade in rough diamonds.

20                       (D) Verifiable recordkeeping by all compa-  
21       nies and individuals engaged in mining, import,  
22       and export of rough diamonds within the terri-  
23       tory of the exporting country, subject to inspec-  
24       tion and verification by authorized government

1                   authorities in accordance with national regula-  
2                   tions.

3                   (E) Government publication on a periodic  
4                   basis of official rough diamond export and im-  
5                   port statistics.

6                   (F) Implementation of proportionate and  
7                   dissuasive penalties against any persons who  
8                   violate laws and regulations designed to combat  
9                   trade in conflict diamonds.

10                  (G) Full cooperation with the United Na-  
11                  tions or other official international bodies exam-  
12                  ining the trade in conflict diamonds, especially  
13                  with respect to any inspection and monitoring  
14                  of the trade in rough diamonds.

15                  (c) EXCLUSIONS.—The provisions of this section do  
16                  not apply to—

17                  (1) rough diamonds imported by or on behalf of  
18                  a person for personal use and accompanying a per-  
19                  son upon entry into the United States;

20                  (2) rough diamonds previously exported from  
21                  the United States and reimported by the same im-  
22                  porter, without having been advanced in value or im-  
23                  proved in condition by any process or other means  
24                  while abroad, if the importer declares that the re-

1 importation of the rough diamonds satisfies the re-  
2 quirements of this paragraph; or

3 (3) rough diamonds for which the importer pro-  
4 vides evidence to the satisfaction of the United  
5 States Customs Service (or analogous officials of a  
6 territory or possession of the United States with its  
7 own customs administration) that the importation  
8 does not include conflict diamonds.

9 **SEC. 5. PROHIBITION OF POLISHED DIAMONDS AND JEW-  
10 ELRY.**

11 The President may prohibit specific entries of pol-  
12 ished diamonds and jewelry containing diamonds if the  
13 President has credible evidence that such polished dia-  
14 monds and jewelry were produced with conflict diamonds.

15 **SEC. 6. ENFORCEMENT.**

16 Diamonds and jewelry containing diamonds imported  
17 into the United States in violation of any prohibition im-  
18 posed under section 4 or 5 are subject to the seizure and  
19 forfeiture laws, and all criminal and civil laws of the  
20 United States shall apply, to the same extent as any other  
21 violation of the customs and navigation laws of the United  
22 States.

23 **SEC. 7. REPORTS.**

24 (a) ANNUAL REPORTS.—Not later than one year  
25 after the effective date of this Act, and every 12 months

1 thereafter, the President shall transmit to Congress a  
2 report—

3                   (1) describing actions taken by countries that  
4 have exported rough diamonds to the United States  
5 during the preceding 12-month period to implement  
6 effective measures to stop trade in conflict dia-  
7 monds;

8                   (2) identifying those countries that have ex-  
9 ported rough diamonds to the United States during  
10 the preceding 12-month period and are not imple-  
11 menting effective measures to stop trade in conflict  
12 diamonds and whose failure to do so has signifi-  
13 cantly increased the likelihood that conflict dia-  
14 monds are being imported into the United States;

15                   (3) describing appropriate actions, which may  
16 include actions under sections 4 and 5, that may be  
17 taken by the United States, or actions that may be  
18 taken or are being taken by each country identified  
19 under paragraph (2), to ensure that conflict dia-  
20 monds are not being imported into the United States  
21 from such country; and

22                   (4) identifying any additional countries involved  
23 in conflicts linked to rough diamonds that are not  
24 the subject of United Nations Security Council Res-  
25 olutions on conflict diamonds.

1       (b) SEMIANNUAL REPORTS.—For each country iden-  
2 tified in subsection (a)(2), the President shall, every 6  
3 months after the initial report in which the country was  
4 identified, transmit to Congress a report that explains  
5 what actions have been taken by the United States or such  
6 country since the previous report to ensure that conflict  
7 diamonds are not being imported from that country into  
8 the United States. The requirement to issue a semiannual  
9 report with respect to a country under this subsection  
10 shall remain in effect until such time as the country imple-  
11 ments effective measures.

12 **SEC. 8. GAO REPORT.**

13       Not later than 3 years after the effective date of this  
14 Act, the Comptroller General of the United States shall  
15 transmit a report to Congress on the effectiveness of the  
16 provisions of this Act in preventing the importation of con-  
17 flict diamonds under section 4. The Comptroller General  
18 shall include in the report any recommendations on any  
19 modifications to this Act that may be necessary.

20 **SEC. 9. SENSE OF CONGRESS.**

21       (a) INTERNATIONAL ARRANGEMENT.—It is the sense  
22 of Congress that the President should take the necessary  
23 steps to negotiate an international arrangement, working  
24 in concert with the Kimberley Process referred to in sec-  
25 tion 2(6), to eliminate the trade in conflict diamonds. Such

1 an international arrangement should create an effective  
2 global system of controls covering countries that export  
3 and import rough diamonds, and should contain the ele-  
4 ments described in section 4(b)(3).

5 (b) ADDITIONAL SECURITY COUNCIL RESOLU-  
6 TIONS.—It is the sense of Congress that the President  
7 should take the necessary steps to seek United Nations  
8 Security Council Resolutions with respect to trade in dia-  
9 monds from additional countries identified under section  
10 7(a)(4).

11 (c) TRADE IN LEGITIMATE DIAMONDS.—It is the  
12 sense of Congress that the provisions of this Act should  
13 not impede the trade in legitimate diamonds with coun-  
14 tries which are working constructively to eliminate trade  
15 in conflict diamonds, including through the negotiation of  
16 an effective international arrangement to eliminate trade  
17 in conflict diamonds.

18 (d) IMPLEMENTATION OF EFFECTIVE MEASURES.—  
19 It is the sense of Congress that companies involved in dia-  
20 mond extraction and trade should make financial contribu-  
21 tions to countries seeking to implement any effective  
22 measures to stop trade in conflict diamonds described in  
23 section 4(b), if those countries would have financial dif-  
24 ficulty implementing those measures.

## 1 SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

2 There is authorized to be appropriated to the Presi-  
3 dent \$5,000,000 for each of fiscal years 2002 and 2003  
4 to provide assistance to countries seeking to implement  
5 any effective measures to stop trade in conflict diamonds  
6 described in section 4(b), if those countries would have  
7 financial difficulty implementing those measures.

## 8 SEC. 11. EFFECTIVE DATE.

9        This Act shall take effect on the date of the enact-  
10      ment of this Act.

Passed the House of Representatives November 28,  
2001.

Attest: **JEFF TRANDAHL,**  
*Clerk.*

**Calendar No. 248**

107TH CONGRESS  
1ST SESSION

**H. R. 2722**

---

---

**AN ACT**

To implement effective measures to stop trade in  
conflict diamonds, and for other purposes.

---

---

NOVEMBER 30, 2001

Read the second time and placed on the calendar