



## Russia-Related FAQs

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### Today is March 1, 2024. Why is that date significant?

Today, the G7 government-coordinated restrictions begin on rough and polished diamonds. All G7 governments (United States of America, Canada, France, Germany, Italy, Japan, the United Kingdom and the European Union) have agreed to restrict Russian-origin diamonds of certain sizes from entering the G7, even if they are cut & polished (“substantially transformed”) in a third country before import. The purpose of the sanctions is to prevent the Russian Federation from continuing to use the financial systems of the G7 to fund its unjustified war in Ukraine. Alrosa, the state diamond mining corporation which is partially owned by the government of the Russian Federation, uses the country’s diamonds to raise revenue that directly contributes to the war in Ukraine.

In the U.S., the restriction was implemented by an [Executive Order](#) on December 22, 2023 with subsequent determinations by the [Office of Foreign Assets Control](#) and guidance from [Customs & Border Protection](#).

### What is actually going into effect on March 1?

Starting March 1, companies importing rough or polished diamonds 1 carat or higher must demonstrate that the diamonds were not mined, extracted, or polished in the Russian Federation. OFAC has provided some basic information in FAQs [here](#), [here](#), and [here](#), including the specific harmonized tariff codes affected.

The U.S. government has given required self-certification language for shipments containing diamonds and diamond jewelry in the Customs guidance communication seen [here](#) and excerpted below. All diamond imports containing rough or polished diamonds 1.0 carat or higher must file this declaration. CBP is empowered to check for this information upon import into the U.S. and will be inspecting packages of diamonds at the point of importation into the U.S. as usual.

The self-certification for U.S. import must meet the following criteria:

1. Be provided on official company letterhead in PDF format.
2. Contain the statement:

*For non-industrial diamonds with a weight of 1.0 carat or greater, effective March 1, 2024:*

“I certify that the non-industrial diamonds in this shipment were not mined, extracted, produced, or manufactured wholly or in part in the Russian Federation, notwithstanding whether such diamonds have been substantially transformed into other products outside of the Russian Federation.”

*For diamond jewelry and unsorted diamonds, effective March 1, 2024:*

“I certify that the diamond jewelry and unsorted diamonds in this shipment are not of Russian Federation origin or were not exported from the Russian Federation.”

Statements regarding origin made in these declarations should be truthful; falsifying information at Customs is a federal offense. Importers can further demonstrate that their diamonds are not of Russian origin using invoice statements, chain of custody demonstration, blockchain tracking, and more.

March 1 marks the beginning of the “sunrise period” requiring self-attestations that will terminate by September 1 with the implementation of traceability technology requirements.

### **What kind of information do I need to keep about diamond shipments coming into the U.S.?**

The following information must be available:

Mining origin

Names of buyer and seller

HS codes and description

Number of parcels in a shipment

Weight in carat of the diamond(s) if at least one diamond (if multiple diamonds are shipped in a parcel) is of 1.0 carat or above

Value of the diamonds

Place of importation, exportation, and route of transportation as applicable depending on the respective G7 country and lifecycle of the diamond(s) prior to importation in a G7 jurisdiction.

### **What about the “documentary evidence” mentioned by the G7?**

Businesses should have available documentation that shows proof the diamonds they are shipping did not originate from the Russian Federation. The types of documents containing the above information required for submission with entry may vary depending upon the requirements of each individual G7 country.

For shipments into the U.S., importers do not need to submit this information directly to U.S. customs, but must have it available in case of further inspection. Examples of documentation include the following non-exhaustive list:

For rough natural diamonds:

- Kimberley Process certificates with single origin (DeBeers DTC mixed origin allowed) for diamonds at or above 1.0 carat
- Kimberley Process certificates with mixed origin accompanied by documentary evidence, proving that no diamonds at or above 1.0 carat in the shipment were mined in Russia

Additional documents proving the above can include:

- Customs declaration form
- Invoice
- Packing list
- Transport documentation, e.g. waybill document
- Evidence from traceability systems

For polished natural diamonds:

- Signed attestation or supplier declaration confirming that none of the diamonds at or above 1.0 carat in the shipment were mined in Russia.

Additional documents proving the above can include:

- Customs declaration form
- Invoice
- Packing list
- Transport documentation, e.g. waybill document
- Laboratory grading report
- Evidence from traceability systems

### **Are the U.S. restrictions the same as those in other countries?**

No. For example, in the E.U., more documentary evidence of where the diamonds do originate is required. Businesses importing diamonds into other G7 countries should be sure to check with relevant customs authorities.

### **What should I be doing to ensure I am compliant?**

JVC has been providing its members with information and guidance on this topic since February 2022 when Russia first invaded Ukraine. U.S. businesses should be working directly with their suppliers to ensure the suppliers are capable of segregating their goods and providing verifiable confirmation that the goods purchased are not of Russian origin. The fundamentals of this can be built on top of a business's existing AML program and KYC / vendor identification programs.

While you need to receive ongoing confirmation about goods you are purchasing, establishing good vendor policies and procedures is paramount to ensuring you are receiving goods with verifiable origin information.

### **What don't we know yet?**

The G7 technical committee is working on a traceability mechanism for diamonds that will be tested between March 1 and September 1, the “sunrise period”. Contemplated in this system is the requirement for rough diamonds to enter the G7 via specific “nodes” for uploading onto a blockchain to ensure source verification. One node is planned for Antwerp, Belgium; additional nodes may be added (for example, a registration point in Canada directly for Canadian diamonds, which are already in the G7.) We don't yet fully know what this looks like or how expeditiously goods will move from source countries to the node for registration to cutting factories.

The G7 has also stated that the restrictions will apply to finished jewelry, laboratory-grown diamonds, and watches starting on September 1. We don't yet know how this restriction will be structured nor how it will be enforced.

JVC continues to work alongside the jewelry industry and with the U.S. government to clarify the requirements and provide input regarding what is achievable in the market. The U.S. government officials working on these restrictions have been incredibly open to input from the trade, and we will continue to facilitate these discussions on an ongoing basis.

### **This is a G7, global diplomatic effort that spans the world, but what's going on in other countries? Should I be following along in all of them?**

JVC is tracking this information and will continue to distill it for our members. The solutions designated by the G7 are being designed to be multi-country efforts. As changes are announced, we'll make sure you know about them.

### **Why is the U.S. only targeting diamonds?**

They're not. In the various executive orders issued on the topic, diamonds, gold, and jewelry have been lumped together with seafood and alcohol products. Seafood products, it turns out, have many of the same concerns we do; Russian pollock and other fishes were shipped to China and turned into “substantially transformed” fish sticks and other products that were being imported into the U.S. This is now prohibited by the same executive order that prohibits substantially transformed diamonds from entering the U.S. The U.S. is looking at every sector in an attempt to close off funding for the war.

### **I'm not a diamond manufacturer. Do I need to do anything?**

All businesses in the jewelry trade need to be asking suppliers questions, evaluating those responses, keeping records of those responses, and asking questions about the technology their suppliers have/are acquiring.

**What is the technology part of this? I keep hearing about traceability and blockchain.**

Beginning on September 1, businesses importing 0.5 carat or higher diamonds, laboratory-grown diamonds, or diamond jewelry and watches containing diamonds 0.5 carats or higher will be required to implement traceability systems to ensure the diamonds did not originate in the Russian Federation. This may include the registration of rough diamonds at the diamond office in Antwerp, Belgium, before cutting and polishing. Our understanding is that multiple traceability solutions will be allowed, and that this portion of the restrictions is still in development. The traceability mechanism will be tested during the “sunrise period” between March 1 and September 1. We will continue to share information as we receive it.

**I'm a retailer. What should I be focused on? What do I tell a consumer who asks about this as it's front page news?**

Retailers should be speaking directly with their suppliers about how they plan to implement the traceability mechanisms of the G7 restrictions. Retailers should prepare staff to speak about the sizes of diamonds that are restricted from entry into the U.S. and the fact that this is being done so that diamond proceeds do not finance war.

**What do I do if I think a transaction might violate the sanctions?**

Businesses should follow the steps for a red flag transaction as outlined in their AML programs. If you are a JVC member, please contact us so that we can help you evaluate the transaction. Potential violations can be reported to OFAC using their hotline at 1-800-540-6322. You may also wish to engage outside counsel.