

Ref No.: GJC/Circular/2013-14/ 00099

22nd January, 2014

SUB : Circular clarifying the issuance of declaration on Invoice / Memo to certify the authenticity of diamond parcels as being of natural origin & untreated and also its legal implications.

To

All Members of the Council

Dear All,

Greetings from the Gem and Jewellery Export Promotion Council !

This has reference to the Circular No. GJC/Circular/2013-14/00084 dated 6th November, 2013 issued to the Members whereby it was informed that there had been concerns amongst industry members about the undisclosed mixing of man-made diamonds with diamonds. It has been brought to the notice of the Council that both domestic and international purchasers of diamonds & diamond jewellery have started asking for a declaration from the seller to guarantee the natural origin of such diamonds.

First and foremost we would like to reiterate and confirm that detection methods are in place and are FULLY efficient.

A declaration is currently given for transactions in rough diamonds as stipulated under the WDC “System of Warranties” linked to the Kimberley Process Certification Scheme (KPCS): “The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

Members have sought the Council’s advice if similar declarations can be used and after consultations with stakeholders it was reiterated that:

- 1. Appropriate trade guidelines must be formulated including declarations required to be added to each invoice/memo
- 2. The entire global industry needs to be aligned on these and hence it is critical that one organization takes the lead and responsibility, for creating the guidelines and achieving alignment

We have engaged with different important trade bodies globally and now WFDB has issued guidelines in

this matter recommending declarations to be issued by all sellers of diamonds (Attached with this Circular). We recommend that all Council members issue declarations in all invoices and memos in line with the WFDB guidelines on both origin as well as acceptance of goods.

1. Declaration of goods being of natural origin

Every member will state on every invoice:

“The diamonds herein invoiced are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds”

Every member will state on every memo:

“The diamonds herein on memo are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds”

2. Declaration regarding acceptance of goods in the context of notification regarding undisclosed man-made diamonds

Every member will state on every invoice:

“The acceptance of goods herein invoiced will be as per the WFDB guidelines”

Every member will state on every memo:

“The acceptance of goods herein on memo will be as per the WFDB guidelines”

The WFDB may modify these guidelines or recommend more detailed guidelines on this matter in the future. We shall intimate all members immediately of any such developments.

Independently, GJEPC has engaged with lawyers on its side to understand the implications of such declarations. Kindly note that in the event the declaration is found to be false and the parcel is detected to have man-made diamonds mixed with natural diamonds, the members giving the declaration may expose themselves to the following:

- i. If you give a guarantee / assurance in the form of above-mentioned declarations on your Invoice/Memo without being 100% sure, it will be construed as a false claim made by you to increase sales and may potentially attract litigation.
- ii. Civil Action for refund of the consideration of the parcel and/or damages.
- iii. Criminal action for offences may be punishable under the Indian Penal Code, 1860 viz. the case of Cheating under section 420 of the Code.

As such please consider the implications of these carefully. If necessary, please consult your legal counsel.

Suggested safeguards for all players buying or selling polished diamonds:

- 1. It is suggested that you have a strict quality control process for all incoming parcels to ensure that the parcel contains only natural/untreated diamonds. The tests/checks should be done before you confirm your acceptance of the goods.
- 2. In addition to the declarations, we suggest that every member firm that trades in polished diamonds establish strict internal control processes to ensure that there is no mixing of diamonds and man-made diamonds. There should be rigorous checks at each entry and exit point to exclude contamination.

[Click Here](#) For **WFDB Recommended Trade Guidelines**

Thanking You

With Best Regards,

Sd/-

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