

**DECREE OF THE PRESIDENT OF THE RUSSIAN FEDERATION NO. 1373 OF NOVEMBER 30, 2002
ON ENDORSING THE REGULATIONS ON IMPORTATION INTO THE RUSSIAN FEDERATION AND
EXPORTATION FROM THE RUSSIAN FEDERATION OF ROUGH NATURAL AND CUT DIAMONDS
(with the Amendments and Additions of January 11, 2007)**

In compliance with the Federal Law on Precious Metals and Precious Stones I hereby resolve as follows:

1. On the endorsement of the Regulations on Importation into the Russian Federation and Exportation from the Russian Federation of Rough Natural and Cut Diamonds attached thereto.
2. On the invalidation of Decree of the President of the Russian Federation No. 740 of July 20, 1997 on the Procedure for the Import into and the Export from the Territory of the Russian Federation of Rough Natural and Cut Diamonds and Some Questions of the Functioning of the Domestic Market in Rough Natural Diamonds (Sobraniye Zakonodatelstva Rossiyskoy Federatsii, No. 30, 1997, Article 3600).
3. This Decree shall enter into force in two months as of the date of official publication thereof.

President of the Russian Federation

V. Putin

The Kremlin, Moscow
November 30, 2002
No. 1373

Regulations on Importation into the Russian Federation and Exportation from the Russian Federation of Rough Natural and Cut Diamonds (approved by Decree of the President of the Russian Federation No. 1373 of November 30, 2002) (with the Amendments and Additions of January 11, 2007)

1. These Regulations shall determine the procedure for importation into the customs territory of the Russian Federation (hereinafter referred to as importation to the Russian Federation) and exportation from the customs territory of the Russian Federation (hereinafter referred to as exportation from the Russian Federation) of rough natural and cut diamonds.

2. Importation into the Russian Federation and exportation from the Russian Federation of rough natural and cut diamonds in a procedure and in instances not provided for by these Regulations shall not be allowed.

3. For the purposes of these Regulations the terms used herein shall mean the following:

cut diamonds shall mean cut natural diamonds of different faceting intended for further use in the manufacture of jewelry (Code of the Commodity Assortment for Foreign Economic Activity 7102 39 000 0);

inspection lots of rough natural diamonds shall mean lots of rough natural diamonds intended for checking the prices of basic lots to be exported by agents engaged in rough natural diamonds extraction;

organizations involved in wholesale trading in diamonds shall mean organizations, specially registered by federal assay supervision agencies, that are engaged under the statutes thereof in the purchase of diamonds and wholesale thereof to other market participants;

rough natural diamonds shall mean rough natural diamonds that are either not cut or partially cut and can be used for making cut diamonds (Code of the Commodity Assortment for Foreign Economic Activity 7102 31 000 0); rough natural diamonds that are either not cut or cut partially or fully and can be used for industrial or scientific purposes, as well as rough natural diamonds recovered from single-crystal and multi-crystal diamond tools (Codes of the Commodity Assortment for Foreign Economic Activity 7102 21 000 0; 7102 29 000 0; 7105 10 000 0);

Russian persons and foreign persons shall mean organizations and natural persons recognized accordingly as Russian or foreign persons under the customs laws of the Russian Federation;

agents engaged in rough natural diamond extraction shall mean organizations involved in natural diamonds' extraction on the territory of the Russian Federation in compliance with a license for using mineral resources for the purpose of extraction of rough natural diamonds;

agents engaged in manufacturing cut diamonds shall mean organizations and individual businessmen, specially registered by federal assay supervision agencies, that are engaged in cutting rough natural diamonds for the purpose of making cut diamonds;

agents engaged in manufacturing products and articles, made of natural diamonds, shall mean organizations and individual businessmen, specially registered by federal assay supervision agencies, that are engaged in cutting or use of rough natural diamonds for making products for industrial and technical purposes, as well as for manufacturing products for domestic purposes and jewelry;

export shall mean exportation from the Russian Federation under the customs treatment of export.

4. Rough natural diamonds and cut diamonds shall be imported into the Russian Federation by Russian and foreign persons without any quantitative restrictions and licenses issued by the Ministry of Economic Development and Trade of the Russian Federation, provided that the Customs Legislation of the Russian Federation and these Regulations are observed.

Rough natural diamonds to be imported into the Russian Federation shall be subject to classification in compliance with classifiers effective in the Russian Federation. Said assortment shall be effected by the State Institution for Forming the State Fund of Precious Metals and Precious Stones, for Storage, Distribution and Use of Precious Stones and Precious Metals under the Ministry of Finance of the Russian Federation.

5. Rough natural diamonds, save for the natural diamonds indicated in Item 19 of these Regulations, shall be exportable under licenses issued by the Ministry of Economic Development and Trade of the Russian Federation in the procedure determined by the Government of the Russian Federation (hereinafter referred to as a license).

6. The Ministry of Economic Development and Trade of the Russian Federation shall quarterly submit to the Ministry of Finance of the Russian Federation data on issued licenses for exporting rough natural diamonds.

Federal Customs Service shall quarterly submit to the Ministry of Finance of the Russian Federation data on the actual export volume of rough natural and cut diamonds.

7. The export of rough natural diamonds shall only be allowed after classification thereof in compliance with classifiers effective in the Russian Federation.

Control over meeting said requirement shall be exercised when exercising state control over the quality of classifying and evaluating precious stones.

When exporting rough natural diamonds and cut diamonds from the Russian Federation, their origin and the lawfulness of their ownership shall be inspected.

Said inspection shall be made, when exercising state control over the quality of classifying and evaluating precious stones.

8. State control over the quality of classifying and evaluating rough natural and cut diamonds and brilliants, when imported to the Russian Federation and exported from the Russian Federation, shall be exercised in compliance with the rules endorsed by the Government of the Russian Federation.

State control over the quality of classification and evaluation of cut diamonds, when imported into the Russian Federation and exported from the Russian Federation, shall be exercised by way of their identification and checking their origin.

9. Unique rough natural diamonds (save for the rough natural diamonds distributed from the State Fund of Precious Metals and Precious Stones of the Russian Federation) shall be exportable on the basis of individual decisions of the Government of the Russian Federation.

10. The export of natural diamonds (except for unique natural diamonds and natural diamonds indicated in Item 19 of these Regulations) shall be effected by the entities of the mining of natural diamonds without any quantitative restrictions under licences.

The rough natural diamonds, indicated in this Item, may be exported directly by agents engaged in rough natural diamond extraction, save for exporting inspection lots of rough natural diamonds. Inspection lots of rough natural diamonds shall be exported solely through the federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazjuvelirexport". Inspection lots of natural diamonds shall be selected and sold in the procedure established by the Ministry of Finance of the Russian Federation.

11. The export of natural diamonds weighing 10.8 carats or more (except for natural diamonds by the criteria rated as unique or unfit for the manufacture of jewelry) shall be effected by entities of the mining of natural diamonds if such diamonds have been acquired by foreign persons from the entities of the mining of natural diamonds at auctions conducted in accordance with the legislation of the Russian Federation at a price not lower than the limit evaluation.

The evaluation limit shall be set by agents engaged in rough natural diamond extraction with the obligatory participation of state inspectors of the Ministry of Finance of the Russian Federation in the procedure established by said ministry.

Control over meeting said requirement shall be exercised when exercising state control over the quality of classification and evaluation of precious stones.

12. Rough natural diamonds having a mass of 10.8 carats and more, as well as unique rough natural diamonds distributed from the State Fund of Precious Metals and Precious Stones, shall be exportable in compliance with a decision of the Government of the Russian Federation.

13. Entities of the mining of natural diamonds may effect the export of natural diamonds if they fulfil the contractual obligations of delivering natural diamonds to the State Fund of Precious Metals and Precious Stones of the Russian Federation.

Control over the fulfilment by entities of the mining of natural diamonds of the said contractual obligations shall be exercised by the Ministry of Finance of the Russian Federation.

14. Agents engaged in manufacturing cut diamonds are entitled to export or to remove, under the customs regime of processing outside the customs territory, rough natural diamonds possessed by them in the volume at the time of exporting and (or) removing under the customs treatment of processing outside the customs territory of at most 15 per cent of the value of the rough natural diamonds purchased by them within the current year from agents engaged in natural diamond extraction, from the State Fund of Precious Metals and Precious Stones of the Russian Federation or from state funds of precious stones and precious metals of the subjects of the Russian Federation. In doing this, the total volume of rough natural diamonds exported or moved for processing may not exceed the limitation established in this Item for each agent engaged in manufacturing cut diamonds.

15. In the instances provided for by Item 14 of these Regulations lots of rough natural diamonds may be exported where:

the appropriate lot of rough natural diamonds has not been sold on the domestic market within 10 working days as of the date of offering it for sale;

the price of a lot to be exported, established in the export contract, is not lower than the price at which this lot was offered for sale on the domestic market.

Control over meeting the terms and conditions provided for by this Item shall be exercised by state inspectors of the Ministry of Finance of the Russian Federation.

16. The federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazyuvelirexport" is entitled to export the following:

rough natural and cut diamonds distributed by the State Fund of Precious Metals and Precious Stones of the Russian Federation, by state funds of precious metals and precious stones of the subjects of the Russian Federation;

rough natural diamonds possessed by agents engaged in natural diamond extraction (including inspection lots of rough natural diamonds) on the basis of contracts made with them;

rough natural and cut diamonds possessed by agents engaged in manufacturing cut diamonds on the basis of contracts made with them.

17. Cut diamonds shall be exportable without any qualitative restrictions and licenses.

18. The following shall be entitled to directly export cut diamonds:

agents engaged in manufacturing cut diamonds (in respect of their own products);

organizations engaged in wholesale trade in precious stones;

the federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazyuvelirexport".

19. Rough natural diamonds having "bort" or "drilling" forms shall be exportable without any quantitative restrictions and licenses, regardless of their size and degree of cutting, as well as diamonds of sieve classes "-3+2" and less, including:

diamonds recovered from multi-crystal diamond tools;

diamond concentrate;

diamantine and diamond dust.

20. The following shall be entitled to directly export the rough natural diamonds indicated in Item 19 of these Regulations:

agents engaged in rough natural diamond extraction;

the federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazyuvelirexport" under contracts made with owners of rough natural diamonds;

agents engaged in manufacturing cut diamonds;

agents engaged in manufacturing products and articles made of natural diamonds.

21. Rough natural and cut diamonds distributed from the State Fund of Precious Metals and Precious Stones of the Russian Federation shall be exportable by the federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazyuvelirexport". Said natural and cut diamonds shall be exported in the amount established by plans for distributing precious metals and precious stones endorsed by the Government of the Russian Federation.

Rough and cut diamonds distributed by the State Fund of Precious Metals and Precious Stones in excess of said volume shall be exported in compliance with a decision of the President of the Russian Federation.

22. Rough natural and cut diamonds distributed by state funds of precious metals and precious stones of the subjects of the Russian Federation shall be exportable through the federal state unitary enterprise "Vneshneekonomicheskoye Obyedineniye Almazyuvelirexport".

The export of natural diamonds (except for natural diamonds weighing 10.8 carats or more, unique natural diamonds and natural diamonds indicated in Item 19 of these Regulations) released from the state funds of precious metals and precious stones of the entities of the Russian Federation shall be effected without any quantitative restrictions under licences.

23. Temporary exportation from the Russian Federation of rough natural and cut diamonds, stored at the State Fund of Precious Metals and Precious Stones of the Russian Federation (including valuables stored at the Diamond Fund of the Russian Federation) and at state funds of precious metals and precious stones of the subjects of the Russian Federation, for the purpose of exhibition (scientific study) shall be effected in the procedure established by the Government of the Russian Federation. The Government of the Russian Federation, when determining said procedure, shall stipulate therein the necessity of organizers of an exhibition (scientific study) guaranteeing the return of these valuables to the Russian Federation, as well as of confirming by documents that temporarily exportable valuables are not the subject of any ownership dispute.

24. The Ministry of Finance of the Russian Federation shall exercise control over the observance by its jurisdictional federal state unitary enterprise Foreign-Economic Association "Almazyuvelexport" of the principles of non-discrimination and fair commercial practice, preventing any cases of unjustified refusal or evasion by that enterprise to conclude contracts, and shall also establish the maximum rates of commission remuneration collected by that enterprise.

25. The importation into the Russian Federation of rough natural and cut diamonds subject to processing shall be permitted, as well as of rough natural and cut diamonds being the products of processing previously exported rough natural diamonds.

Importation into the Russian Federation and exportation from the Russian Federation of rough natural and cut diamonds for processing may be carried out under the customs regime of processing for internal consumption, of processing on the customs territory, of processing outside the customs territory.

The right of exporting from the Russian Federation and importing into the Russian Federation rough natural and cut diamonds under customs regimes of processing for internal consumption, of processing on the customs territory, of processing outside the customs territory shall be exclusively enjoyed by agents engaged in manufacturing cut diamonds.

26. Exportation from the Russian Federation of rough natural diamonds for processing shall be effected in compliance with the customs regime of processing outside the customs territory on condition of obligatory imposition of export customs duties on rough natural diamonds with the subsequent return of their amount, when releasing processed products for free circulation on the customs territory of the Russian Federation.

27. In the importation to and exportation from the Russian Federation of natural diamonds for processing, the declarant of the custom regime shall, in agreement with the customs body of the Russian Federation, determine the norms of the yield of the processing products for the customs purposes proceeding from the actual conditions under which is carried out the processing of natural diamonds. The procedure for determining the norm of the yield of processing products for the customs purposes shall be established by the Ministry of Finance of the Russian Federation.

28. The following shall be allowed:

importation into the Russian Federation by Russian and foreign persons of rough natural diamonds under the customs regimes of release for internal consumption, of refusal for the benefit of the state, of re-import, destruction, of customs warehouse, international customs transit and re-export;

importation by Russian and foreign persons into the Russian Federation of cut diamonds under the customs regimes of release internal consumption, international customs transit, refusal for the benefit of the State, re-export, re-import, destruction, customs warehouse;

temporary importation into the Russian Federation and temporary exportation from the Russian Federation by Russian and foreign persons of rough natural and cut diamonds for the purpose of exhibition (scientific study) under the customs regime of temporary importation and temporary exportation;

transfer of natural diamonds and brilliants having for the customs purposes the status of Russian goods between the customs bodies of the Russian Federation through the territory of a foreign state in accordance with the special customs regime of transfer of Russian goods between the customs bodies through the territory of a foreign state.

29. Exportation by Russian and foreign persons from the Russian Federation of natural diamonds and brilliants in accordance with the customs regimes of temporary exportation, international customs transit, re-export, processing outside the customs territory and also the export of processing products, wastes and remainder of goods placed under the customs regime of processing on the customs territory, wastes of the destruction of goods placed under the customs regime of destruction, shall be effected in accordance with the Customs Legislation of the Russian Federation without any quantitative restrictions and licences.

30. The customs clearance of brilliants and also natural diamonds imported to and exported from the Russian Federation, except for both unworked and partially worked natural diamonds that may be used for the manufacture of brilliants (CC FEA code 7102 31 000 0), shall be carried out only at specialised customs posts and at specialised sections of the customs bodies of the Russian Federation for the clearance of precious metals and precious stones with obligatory participation of state controllers

of the Ministry of Finance of the Russian Federation, except for the cases established by paragraph four of this Item.

The customs clearance of both unworked and partially worked natural diamonds imported to and exported from the Russian Federation which may be used for the manufacture of brilliants (CC FEA code 7102 31 000 0), shall be carried out exclusively at the specialised customs post situated in Moscow, with obligatory participation of state controllers of the Ministry of Finance of the Russian Federation, except for the cases established by paragraph four of this Item.

The creation of specialised customs posts and specialised sections of the customs bodies of the Russian Federation that conduct the customs clearance of natural diamonds and brilliants, shall be carried out by the Federal Customs Service in agreement with the Ministry of Finance of the Russian Federation.

The customs bodies of the Russian Federation situated at the checkpoints on the state border of the Russian Federation may perform the customs operations connected with the formalisation of the procedure of internal customs transit and also international customs transit (in the event that there is a certificate of the country of exportation and the packing of a commodity has not been broken) and re-export (in the event that to the customs regime of re-export are declared goods that have come to the customs territory of the Russian Federation, that are at a checkpoint on the state border of the Russian Federation or in another zone of customs control situated in immediate proximity to the checkpoint and have not been placed under any customs regime or a special customs procedure.

Certain customs operations may be conducted by the said customs bodies in whose region of activity are situated duty-free shops, except for the customs operations performed in the declaring of goods.

31. Natural persons may export from the Russian Federation without any quantitative restrictions and licenses:

cut diamonds, previously imported to the Russian Federation by these persons on condition of presenting the documents issued by customs agencies of the Russian Federation, which prove the fact of importation thereof, as well as cut diamonds, possessed by them in compliance with laws of the Russian Federation, which are temporary imported into the Russian Federation;

brilliants intended for personal, family, domestic and other needs not associated with the carrying out of business activity of natural persons. In this case, the total value of exported brilliants must not exceed an amount equivalent to 10 000 US dollars. The total value of exported brilliants shall not include the value of brilliants earlier imported to and also temporarily exported from the Russian Federation by natural persons.

Customs formalization of cut diamonds, imported into the Russian Federation and exported from the Russian Federation by natural persons and not intended for industrial and other business activities, shall be carried out without taking into account the requirements established by Item 30 of these Regulations.