

Diamonds

Don Law-West

*The author is with the Mineral Resources Directorate,
Indian and Northern Affairs Canada.
Telephone: (819) 994-6422
E-mail: lawwestd@inac.gc.ca*

SUMMARY

Major events in the Canadian and international diamond industry during 2000/01 included the following:

- The Diavik diamond project in the Northwest Territories received its regulatory permits allowing construction to begin at the mine site. The \$1.3 billion mine is expected to begin production early in 2003.
- BHP Diamonds Inc. (now BHP-Billiton) bought Dia Met Diamonds Inc. for \$687 million to consolidate its interest in the Ekati diamond mine at 80%.
- De Beers Canada Ltd. bought Winspear Diamonds Inc. in 2000 for \$305 million. This gave De Beers a 67.8% interest in the Snap Lake diamond project. In early 2001, De Beers purchased the remaining 32.2% interest in the project from Aber Resources for \$173 million. In August 2001, De Beers announced that it would delay production at Snap Lake by one year to 2006.
- In mid-2001, De Beers Ltd. completed its privatization process and was delisted from the Johannesburg Stock Exchange. The company is now the world's largest private diamond miner.
- In 2000, the diamond trading arm of De Beers, Diamond Trading Company (DTC), sold a record \$5.67 billion worth of diamonds. The final sales figures for 2001 are expected to be down substantially as sales in the first half were down by 26% to \$2.62 billion and second-half sales are usually lower than the first half.

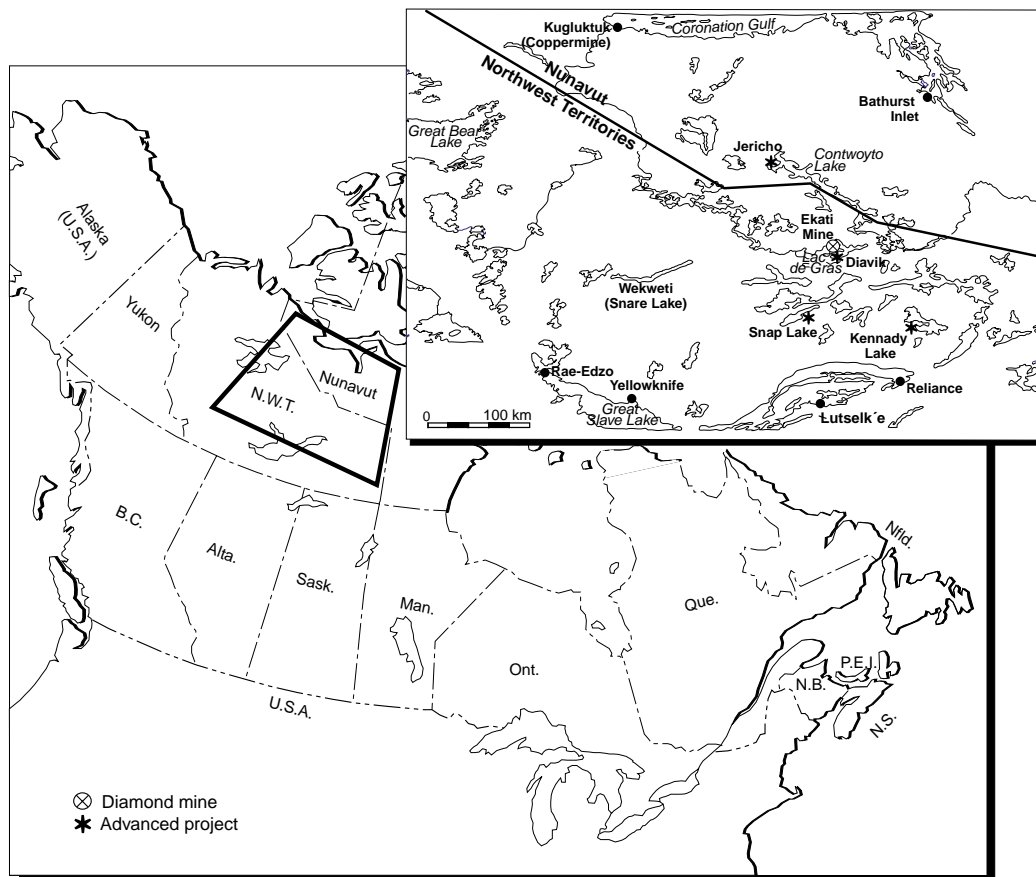
- In Australia, the ownership of Ashton Mining and its 40% interest in the Argyle diamond mine was hotly contested by Rio Tinto and De Beers. In the end, Rio Tinto prevailed and purchased Ashton for A\$713 million.
- During 2000/01, the Kimberley Process to address the conflict diamonds issue took shape and resulted in a proposed international certification scheme for rough diamonds that will be fully implemented by the end of 2002.

Notes: (1) For definitions and valuation of mineral production, shipments and trade, please refer to Chapter 65. (2) Information in this review was current of July 31, 2001. (3) More detailed information on diamonds is available on the Internet at http://www.nrcan.gc.ca/mms/cmty/CMY_E3.html and at <http://www.gov.nt.ca/RWED/diamond/index.htm>.

NOTE TO READERS

The intent of this document is to provide general information and to elicit discussion. It is not included as a reference, guide or suggestion to be used in trading, investment or other commercial activities. The author and Natural Resources make no warranty of any kind with respect to the content and accept no liability, either incidental, consequential, financial or otherwise, arising from the use of this document.

Figure 1
Diamond Properties, Slave Province



Source: Indian and Northern Affairs Canada.

TARIFFS

Item No.	Description	Canada			United States
		MFN	GPT	USA	Canada
7102.10	Diamonds, unsorted, whether or not worked, but not mounted or set	Free	Free	Free	Free
7102.21	Diamonds, industrial, unworked or simply sawn, cleaved or bruted, but not mounted or set	Free	Free	Free	Free
7102.29	Diamonds, industrial, other	Free	Free	Free	Free
7102.31	Diamonds, non-industrial, unworked or simply sawn, cleaved or bruted	Free	Free	Free	Free
7102.39	Diamonds, non-industrial, other	Free	Free	Free	Free
7105.10	Natural or synthetic diamond dust or powder	Free	Free	Free	Free

Sources: Customs Tariff, effective January 2001, Canada Customs and Revenue Agency; Harmonized Tariff Schedule of the United States, 2001.

TABLE 1. CANADA, DIAMOND PRODUCTION AND TRADE, 1998-2000

Item No.	1998		1999		2000P		
	(carats)	(\$000)	(carats)	(\$000)	(carats)	(\$000)	
PRODUCTION							
	Northwest Territories	203 351	40 775	2 428 783	606 254	2 557 964	638 161
	Total	203 351	40 775	2 428 783	606 254	2 557 964	638 161
EXPORTS							
7102.10	Diamonds, unsorted, whether or not worked, but not mounted or set						
	Belgium	..	42 262r	..	523 987r	1 404 582	364 839
	United Kingdom	..	..	..	21 178r	612 832	159 672
	United States	..	175r	..	553r	800	1 504
	Other countries	..	147r	..	13r	1 912	437
	Total	..	42 584r	..	545 731r	2 020 126	526 452
7102.21	Diamonds, industrial, unworked or simply sawn, cleaved or bruted						
	United States	2 946	74	6 800r	178r	906	65
	Total	2 946	74	6 800r	178r	906	65
7102.29	Diamonds, industrial, other						
	United States	248	107	185r	141r	20 025	163
	Total	248	107	185r	141r	20 025	163
7102.31	Diamonds, non-industrial, unworked or simply sawn, cleaved or bruted						
	United States	10 354	329	26 729r	4 017r	10 651	1 520
	Israel	..	..	..	..	41	106
	Australia	..	..	..	..	8	4
	Total	10 354	329	26 729r	4 017r	10 700	1 630
7102.39	Diamonds, non-industrial, other						
	United States	1 556	5 210	3 036r	9 468r	4 806	13 367
	Belgium	502	569	248	132	1 076	838
	Israel	339	337	..	..	304	541
	Other countries	102	182	..	..	1 055	240
	Total	2 499	6 298	3 284r	9 600r	7 241	14 986
7105.10	Natural or synthetic diamond dust and powder						
	United States	93 851	58	117 795r	66r	72 543	50
	Hong Kong	..	..	..	..	476	1
	Total	93 851	58	117 795r	66r	73 019	51
IMPORTS							
7102.10	Diamonds, unsorted, whether or not worked, but not mounted or set						
	Israel	..	8 169	..	15 032r	..	31 690
	India	..	13 322	..	14 600r	..	15 552
	United States	..	9 129	..	10 665r	..	11 928
	Belgium	..	8 931	..	8 352r	..	9 221
	Other countries	..	2 250	..	4 370r	..	3 541
	Total	..	41 801	..	53 019r	..	71 932
7102.21.00.10	Diamonds, industrial, bort and black, diamonds for borers, unworked or simply sawn, cleaved or bruted, but not mounted or set						
	United States	..	524	..	393	..	663
	Belgium	..	322	..	525	..	473
	United Kingdom	..	310	..	407	..	305
	Ghana	..	336	..	229	..	285
	Other countries	..	120	..	230	..	169
	Total	..	1 612	..	1 784	..	1 895
7102.21.00.90	Diamonds, industrial, other, unworked or simply sawn, cleaved or bruted, but not mounted or set						
	United States	31 152	229	47 495r	244r	73 538	603
	Belgium	52 678	374	13 761	81	13 335	99
	Ghana	3 422	30	8 657	53	7 941	46
	Ireland	2 000	9	4 592r	30r	3 146	35
	Japan	5 256	32	6 199	41	4 785	31
	Other countries	35 578	292	81 009	910	8 253	56
	Total	130 086	966	161 713r	1 359r	110 998	870
7102.29.00.10	Diamonds, industrial, other, bort and black diamonds, for borers, but not mounted or set						
	United States	1 086	181	560	97	1 226	139
	Australia	1 286	8	203	26	110	23
	India	559	175	99r	24r	384	14
	Other countries	7 362	140	401	106	2 621	18
	Total	10 293	504	1 263r	253r	4 341	194

TABLE 1 (cont'd)

Item No.	1998		1999		2000P	
	(carats)	(\$000)	(carats)	(\$000)	(carats)	(\$000)
IMPORTS (cont'd)						
7102.29.00.90	Diamonds, industrial, other, other than bort and black, for borers, worked but not mounted or set					
	299 376	1 888	187 991	1 108	145 022	1 071
Ireland	817	215	5 964	440	12 091	329
Belgium	4 340	176	16 664	156	854	172
United States	6 137	182	1 462 ^r	126 ^r	1 943	92
Other countries						
Total	310 670	2 461	212 081 ^r	1 830 ^r	159 910	1 664
7102.31	Diamonds, non-industrial, unworked or simply sawn, cleaved or bruted, not mounted or set					
	2 769 ^r	1 923	3 359 ^r	2 380 ^r	4 619	3 285
Belgium	1 454	950	2 221 ^r	2 017 ^r	2 564	1 897
Israel	830	441	490 ^r	211 ^r	1 262	448
United States	12 171	958	325 ^r	115 ^r	1 118	179
Other countries						
Total	17 224 ^r	4 272	6 395 ^r	4 723 ^r	9 563	5 809
7102.39.00.10	Diamonds, non-industrial, other, of a weight not exceeding 0.5 carats each					
	31 027	21 860	40 778 ^r	37 451 ^r	39 732	35 753
Israel	16 662 ^r	14 951 ^r	11 691 ^r	13 787 ^r	15 535	14 283
Belgium	7 998 ^r	6 966 ^r	13 584 ^r	9 226 ^r	15 822	10 707
United States	9 347	3 172	6 181 ^r	2 821 ^r	7 460	3 368
India	1 737	1 015	1 514 ^r	1 069 ^r	1 176	1 442
Other countries						
Total	66 771 ^r	47 964 ^r	73 748 ^r	64 354 ^r	79 725	65 553
7102.39.00.20	Diamonds, non-industrial, other, of a weight exceeding 0.5 carats each					
	53 346	44 633 ^r	72 753 ^r	60 602 ^r	80 631	62 016
Belgium	44 161	55 344	44 756 ^r	41 749 ^r	48 122	46 786
Israel	16 655	20 825	22 828 ^r	24 596 ^r	44 929	34 192
United States	66 205	23 686	86 253 ^r	29 634 ^r	75 912	30 405
India	3 102	2 266	7 201 ^r	6 224 ^r	10 956	12 875
Other countries						
Total	183 469	146 754 ^r	233 791 ^r	162 805 ^r	260 550	186 274
7105.10.00.10	Diamond dust for borers; dust mixed with a carrier in cartridges or in tubes					
	551 697	1 610	348 188 ^r	885 ^r	421 276	1 036
United States	18 378	76	27 601	114	59 719	126
Ireland	16 497	47	11 056	38	10 842	38
Ghana	24 629	66	18 284	56	11 711	37
Other countries						
Total	611 201	1 799	405 129 ^r	1 093 ^r	503 548	1 237
7105.10.00.91	Natural diamond dust and powder					
	113 444	331	102 805	324	150 451	447
United States	–	–	1 917	7	20 552	72
Belgium	40 412	92	102 360	243	11 539	40
Other countries						
Total	153 856	423	207 082	574	182 542	559
7105.10.00.92	Synthetic diamond dust or powder					
	387 965	1 172	817 749	2 438	1 530 223	3 868
Ireland	1 058 437	1 034	990 403	1 397	1 224 678	2 414
United States	–	–	9 219	24	189 673	306
Belgium	134 790	329	103 618	170	128 639	183
Other countries						
Total	1 581 192	2 535	1 920 989	4 029	3 073 213	6 771

Sources: Statistics Canada; Natural Resources Canada.

– Nil; . . Not available; P Preliminary; ^r Revised.

Note: Numbers may not add to totals due to rounding.