



Action Plan

for the

National Diamond Strategy

August 2004

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of the  
Action Plan for the National Diamond Strategy

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## Action Plan for the National Diamond Strategy

### 1. Summary

Recognizing the significant impact and potential of the Canadian diamond industry, in July 2003, the provincial and territorial Premiers directed their Ministers to develop an action plan for establishing a National Diamond Strategy.

To assist in developing the Strategy, the Mine Ministers established a Steering Committee, during their September 2003 meeting.

In the opinion of the Steering Committee, Canada has many assets enabling the diamond industry to expand and become a driving force for the country's economic and regional development during the coming decade.

For this development to be sustainable, in a market economy three aspects should be considered : the supply, the demand and the regulation of the markets. The proposed action plan is framed around these three focal points.

The consultations carried out generated a great deal of interest among representatives of the industrial sectors involved. The Canadian Jewellers Association and the Mining Association of Canada, in particular, offered to cooperate in implementing the proposed action plan. Even though a number of items contained in the action plan exclusively concern governments, a number of others, such as acquiring market knowledge, establishing common standards, and developing a certification process for marketing, would benefit from being addressed in partnership with the industry.

Considering the openness to partnership shown by industry associations and the commitment of provincial and territorial governments to continue implementation of the action plan, it is recommended that the Ministers mandate the Steering Committee to elaborate the terms of reference of a multi stakeholder coordinating body such as a "Diamond Institute or Council". The mandate of this body would be to develop terms and conditions for implementation of the Strategy, to coordinate its achievement, to propose further steps and to report to the Ministers responsible for mining.

The Steering Committee will present a progress report to the Ministers responsible for mining at their next annual Conference.

## Summary of recommendations

The Steering Committee recommends that interested provincial and territorial governments (the governments) consider the following issues as elements of the action plan for the National Diamond Strategy.

### A) Supply of Canadian diamonds

#### Support for exploration

It is recommended that the governments encourage the Federal government to implement the currently temporary flow-through share system on a permanent basis. This includes the Federal tax credits program as well as all complementary measures implemented by various governments.

#### Coherent and competitive mining taxation

It is recommended that all governments undertake revision of the definition of “Canadian Exploration Expenses”, as appropriate, to include community consultation and the costs of environmental impact assessments.

#### Incentives for creating value-added activities in Canada

It is recommended that the governments review existing tax incentives associated with mineral royalties to ensure that they are applicable to the diamond industry. In addition, comparable incentives could be considered for incorporation in general corporate taxes. Finally, the Federal government could be encouraged to harmonize its corporate taxation with that of relevant Provinces and Territories.

#### Capacity building

It is recommended that the governments continue and intensify their support for community and Aboriginal training and capacity building, in partnership with industry. In the context of its relationship with the Aboriginal people, it is also recommended that Ministers encourage the Federal government to harmonize eligibility for support programs, where applicable.

#### Network of centres of excellence

It is recommended that the governments consider establishing a Canada-wide network of centres of excellence focused on diamond exploration, mining and ore processing.

#### Geoscience funding

It is recommended that the governments increase their investment in diamond supportive geoscience including: Quaternary geology, mineralogy and geochemistry of indicator minerals. It is also recommended that Premiers encourage the Federal government to implement the Cooperative Geological Mapping Strategies.

## B) Demand for diamonds processed in Canada

### Removal of the excise tax

It is recommended that the governments encourage the Federal government to abolish the excise tax on jewellery in Canada.

### Expert jeweller and cutter training

The governments are encouraged to support the growth of the Canadian expertise in diamond cutting and fine diamond jewellery creation through customized training programs and measures supporting R&D activities.

### Certification

It is advisable to recommend that the governments develop a certification process authenticating the origin of diamonds and jewellery from Provinces and Territories. Voluntary participation in the process could prove to be a powerful marketing tool for a segment of the Canadian and international clientele.

### Development of jewellery export markets

It is recommended that jurisdictions interested in undertaking export market development associated with the diamond industry consider the following:

- Where a strong business case for diamond jewellery manufacturing exists, it could be encouraged through a process developed in co-operation with the diamond industry in a way that manages expectations.
- Governments can provide opportunities for all sectors of the diamond industry in Canada to promote their activities and products by:
  - a) working with the diamond industry to develop mechanisms to raise the awareness in export markets about the Canadian diamond industry; and
  - b) reviewing government's role in the diamond branding process on a regular basis and adapting it to the state of the market and the industry.
- Promotion of specific Canadian brands or products are the responsibility of the diamond industry

### Promotion of diamond-related tourism

Where a strong business case can be made for diamond tourism opportunities, it is recommended that a co-operative marketing effort of those opportunities be undertaken by the governments, the tourism sector and the diamond industry to raise the awareness and interest of the public, both domestically and internationally.

## C) Regulation and market security

### Market knowledge and mining royalties

It is recommended that the Ministers of Provinces and Territories jointly develop expertise and share information relevant to the evolution of the international diamond market with stakeholders. It is also recommended that the Ministers consider the advisability of establishing common sorting and valuation criteria, which would be applied by Provinces and Territories with producing diamond mines, so that the value of shipments can be established coherently and consistently between jurisdictions and over time.

### Land tenure

Jurisdictions should review their existing regulatory framework for mineral tenure to identify potential barriers and/or gaps with respect to diamond exploration.

### Environmental permitting

It is recommended that the governments consider streamlining and clarifying their processes and timelines for environmental assessment, and this without compromising environmental protection, as well as establishing requirements and timelines for negotiating Impact Benefit Agreements between companies and Aboriginal communities/organizations where applicable.

### Security

The governments should consider formalising their participation in the Canadian Diamond Security Group. In addition to assessing risks and developing mitigation strategies, the group should also examine its role in education and awareness, proactive problem solving and setting standards.

## D) Implementation

Considering the interest in partnership expressed by industry associations and the strong commitment of the Provinces and Territories to implement the National Diamond Strategy, it is recommended that the Ministers mandate the Steering Committee to elaborate the terms of reference of a multi stakeholder coordinating body such as a “Diamond Institute or Council”.

The mandate of this body would be to develop terms and conditions for the implementation of the Strategy, to coordinate its achievement, to propose further steps and to report to the Ministers responsible for mining.

## E) Monitoring

### Premiers' Approval

The Premiers received the plan at the Council of the Federation meeting in July 2004 and approved the strategy which makes recommendations in three areas: the supply of Canadian rough diamonds, the demand for diamonds processed in Canada, and the regulation of the markets. Key among the recommendations is the establishment of a multi-stakeholder body that will allow all stakeholders to participate in this important national initiative. Cooperation among stakeholders, industry and provincial/territorial governments is important for coordinating efforts and sharing knowledge and expertise. Provincial and Territorial Mines Ministers will continue the development and implementation of the National Diamond Strategy.

### Pan-Canadian Round Table

Considering that terms and conditions for implementation of several components of the proposed action plan remain to be specified, it is recommended that the Ministers accept Québec's offer to organize a Pan-Canadian Round Table, in May 2005, where the terms and conditions will be discussed with members of the industry and stakeholders.

### Report

It is recommended that Ministers mandate the Steering Committee to present a progress report at their next annual Conference, in New Brunswick, in 2005.

## 2. Review of the facts

In less than a decade, the Canadian mining industry has become a key player on the international diamond stage. Canada is now a major diamond producer, accounting for approximately 12% of the world's rough diamonds and ranking third worldwide among diamond producers, behind Botswana and Russia.

Moreover, additional projects have reached the development stage. These include Tahera Corporation's Jericho project, in Nunavut, and De Beers' Snap Lake Project in Northwest Territories, which should be going into production in the next few years. Advanced exploration projects are underway in several areas of the country, such as Ontario, where de Beers is concentrating its efforts on the Victor project; at Fort-à-la-Corne, Saskatchewan; and in Québec, where the SOQUEM-Ashton consortium is working on the Foxtrot project in the Otish Mountains area. Considering these developments, sustained growth of rough diamond production from Canadian mines can be expected during the next decade.

Provincial and territorial Premiers are planning to make Canada a world leader in the international diamond industry, with Canadians being active participants at all stages – from exploration to retail sales and tourism.

- Mandate

Recognizing the significant impact and potential of the Canadian diamond industry, in July 2003, the provincial and territorial Premiers directed their Ministers to develop an action plan for establishing a National Diamond Strategy. The purpose of the Strategy is to maximize the benefits for Canadians from every aspect of the diamond industry.

To assist in developing the Strategy, the Mine Ministers established a Steering Committee, during their September 2003 meeting. The Committee, in turn, set up seven working groups, one for each of the following industrial sectors: exploration, mining, valuation and marketing of rough diamonds, polished diamonds, jewellery, retail sales, and diamond tourism.

- Work accomplished

During the past year, the working groups held meetings, organized workshops and a National Round Table, conducted surveys, and consulted members of the industry, stakeholders, and Federal government representatives in several cities across Canada: Québec, Montréal, Gatineau, Toronto (2), Regina, and Yellowknife (2).

Based on the consultations, the Steering Committee recommends that interested provincial and territorial governments (the governments) consider the following issues as elements of the action plan for the National Diamond Strategy.



### 3. Key Issues

In the opinion of the Steering Committee, Canada has many assets enabling the diamond industry to expand and become a driving force for the country's economic and regional development during the coming decade.

For this development to be sustainable, in a market economy three aspects should be considered : the supply, the demand and the regulation of the markets. The proposed action plan is framed around these three focal points.

#### 3.1 Supply of Canadian diamonds.

The mineral potential of Canada's Provinces and Territories for diamonds is well established. Diamonds mined in Canada are among the most valuable in the world.

- Support for exploration

A great deal of capital is required for the exploration and development of diamonds deposit in Canada. Junior exploration companies, which made several of the discoveries, rightly point out that the best way to sustainably increase the rough diamonds available for supply is to discover new deposits.

For that reason, it is recommended that governments encourage the Federal government to implement the currently temporary flow-through share system on a permanent basis. This includes the Federal tax credits program as well as all complementary measures implemented by various governments.

- Coherent and competitive mining taxation

Junior exploration companies as well as mining companies conducting advanced exploration work have noted that these investments are made in remote areas, where local populations, including Aboriginal nations, are unfamiliar with mining activities. The need to inform and consult them before developing mining projects gives rise to costs that are not recognized as "Canadian Exploration Expenses".

In the same way, the need to undertake environmental impact assessments gives rise to costs that are not currently recognized as "Canadian Exploration Expenses".

It is therefore recommended that all governments undertake revision of the definition of "Canadian Exploration Expenses", as appropriate, to include community consultation and the costs of environmental impact assessments.

- Incentives for creating value-added activities in Canada

In Canada, the mining industry developed in a favourable environment, characterized by free trade and free mining policies. Together, these two policies have produced convincing results to date, and the mining industry wants them maintained.

They imply that mining companies have the right to market their production in a way that maximizes its value.

The industry also recognizes the legitimacy of the governments' determination to profit from the availability of Canada's rare resource, rough diamonds, to promote regional economic development and strengthen the domestic market by facilitating the creation of value-added activities. However, for these activities to be developed, a competitive fiscal environment, including tailored measures, is required.

Accordingly, it is recommended that the governments review existing tax incentives associated with mineral royalties to ensure that they are applicable to the diamond industry. In addition, comparable incentives could be considered for incorporation in general corporate taxes. Finally, the Federal government could be encouraged to harmonize its corporate taxation with that of relevant Provinces and Territories.

- Capacity building

Community capacity building, and labour force development were recognized as important issues at all stages of the diamond pipeline. There is general support for developing governments/industry partnerships in the development and delivery of training programs to meet needs at various stages of the diamond pipeline. Emphasis should be placed on training and development that supports long term sustainable employment.

At early stages, there is a recognized need to develop programs to foster communication and community engagement in diamond exploration, such as community awareness programs, prospector training, community liaison. Effective community engagement is often limited by community capacity to participate. Industry/government/community efforts need to be coordinated.

Upgrading basic language and math skills is a priority for entry level positions in the mining sector. Aboriginal/community groups are under-represented in highly skilled positions including trades, professional and management categories. Continuing efforts to promote advanced education will be required to improve employment in these areas. Emphasis should be placed on designing educational programs that support long-term sustainable employment. It was also recognized that there is a limited labour pool in remote regions that may cause capacity challenges as new mines open.

Based on these considerations, it is recommended that governments continue and intensify their support for community and Aboriginal training and capacity building, in partnership with industry. In the context of it's relationship with the Aboriginal people, it is also recommended that Ministers encourage the Federal government to harmonize eligibility for support programs, where applicable.

- Network of centres of excellence

Research and technology development was identified as a priority in three key areas of the supply side of the diamond pipeline: exploration, mining, and cutting and polishing. The exploration industry highly supported the need to foster research and development in geoscience and exploration technology. In addition, investment in mining and secondary processing technology development is an essential aspect of productivity growth that is required to improve international competitiveness in the mining and cutting and polishing sectors.

Support for geoscience, research and technology development related to the diamond industry in Canada is currently fragmented and uncoordinated. Although mining is one of the most

technologically advanced industries in Canada, Canadian companies and governments have been investing less in research and development than in Australia and Canada has been losing R & D expertise to competing jurisdictions. In addition, funding for specialized geoscientific research in direct support of the diamond exploration sector has not kept pace with growth of the sector.<sup>1</sup>

There is strong support for the creation of a network of centres of excellence to increase research capacity and technology development related to the diamond sector. This includes rebuilding fundamental capacity for geoscientific and technical research at Canadian universities related to Quaternary geoscience, kimberlite mineralogy and petrology etc., and a coordinated program and/or organization to develop next generation exploration, mining and secondary processing technology. Renewed investment in technology development can be enhanced through private/public sector partnerships, development of research consortia and focused R & D tax credits.

It is recommended that the governments consider establishing a Canada-wide network of centres of excellence focused on diamond exploration, mining and ore processing.

- Geoscience funding

It is well recognized that access to high quality geoscience information is a key to sustaining diamond exploration in Canada. In their response to the National Diamond Strategy, industry stakeholders clearly articulated their support for “increased investments in geoscience if the full potential of the diamond industry is to be realized”.

Geoscience capacity in most Canadian geological surveys has traditionally been focused on support for gold and base metal sectors, primarily bedrock mapping, mineral deposits studies, structural geology. Expertise in areas of direct relevance to diamond exploration such as quaternary geoscience, mineralogy and geochemistry of indicator minerals, kimberlite petrology, etc. is limited. This is exacerbated by reduced capacity within Canadian universities for training exploration geologists in general, and specifically in the areas of quaternary geology, geochemistry, mineralogy required to support the diamond exploration sector.

Industry strongly supported renewed investment in geoscience. Opportunities for intergovernmental as well as private/public sector funding partnerships should be enhanced through programs such as the Cooperative Geological Mapping Strategies, as adopted by Mines Ministers in 2000.

Accordingly, it is recommended that governments increase their investment in diamond supportive geoscience including: Quaternary geology, mineralogy and geochemistry of indicator minerals. It is also recommended that Premiers encourage the Federal government to implement the Cooperative Geological Mapping Strategies.

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<sup>1</sup> While, annual NSERC funding for diamond or kimberlite focussed projects has seen a modest increase over the past 10 years (from \$50K to \$250K), this represents only 2% total available for earth science research. In addition, funding support for basic quaternary/surficial geoscience research has decreased by approximately 60% (from \$700K to \$300K) over this same time period.

### 3.2 Demand for diamonds processed in Canada

The Canadian jewellery industry is already developed in several urban centres: Toronto, Montréal, Vancouver. It also involves a large number of artisans throughout the country. It includes a variety of styles that reflect Canadian cultural diversity, including the First Nations' original contribution. The consultations have led the Steering Committee to conclude that the industry has considerable growth potential in all the regions, to meet growing demand both in domestic and export markets.

- Removal of the excise tax

For this potential to be realized, it is essential that the 10% Federal excise tax on jewellery be abolished. The industry argues that the tax is obsolete (dating from 1918), discriminatory (does not apply to all luxury goods), and counterproductive, because it curbs the development of Canada's jewellery industry, since Canadians can buy jewellery without paying duty when they travel abroad.

Its outright removal would make it possible for the jewellery industry to be more competitive, offer a wider range of products to Canadian consumers and export markets, and create jobs. The revenue generated would compensate for the loss incurred by the Federal government.

It is therefore recommended that the governments encourage the Federal government to abolish the excise tax on jewellery in Canada.

- Expert jeweller and cutter training

Many Canadian artists and creators have international reputations. This renown could extend to jewellery activities, through the training of expert workers. Schools already offer jewellery courses in many jurisdictions. The consultations have led to the conclusion that opportunities exist for the development of businesses operating in this field. The governments are therefore encouraged to actively support the creation of schools and training centres specializing in jewellery.

In addition, training programs for diamond cutters are offered in Québec and the Northwest Territories. Though it is generally agreed that Canada has a competitive disadvantage with respect to some large international cutting centres, where salaries are not very high, it is also acknowledged that there is a niche for Canadian businesses in this field, producing superior quality diamonds "mined, cut, and polished" in Canada. To prosper, these businesses need expert labour and the most recent technological developments.

The governments are encouraged to support the growth of the Canadian expertise in diamond cutting and fine diamond jewellery creation through customized training programs and measures supporting R&D activities.

- Certification

There is a lack of consensus with respect to the Canadian Competition Bureau's definition of a "Canadian diamond<sup>2</sup>" as being a stone originating from a Canadian mine. However, there is a broad consensus that the Voluntary Code of Conduct developed by the industry is a step in the right direction. Further work is required.

Industry and government specialists are aware of the value associated with Canadian ethics by the national diamond industry and consider it advisable to recommend that the governments develop a certification process authenticating the origin of diamonds and jewellery from Provinces and Territories. Voluntary participation in the process could prove to be a powerful marketing tool for a segment of the Canadian and international clientele.

Its application could be entrusted to independent agencies.

- Development of jewellery export markets

The majority of diamond production (in terms of value) from Canada, whether in the form of rough or in more manufactured form, will be sold in the international market for diamond jewellery. Maintaining or increasing the level of supply, seeking opportunities in which Canada can compete in international markets and raising awareness of Canadian diamonds and diamond products are all important aspects in maintaining a competitive diamond sector in Canada and supplying the international markets.

Diamond mining represents one of the highest margin stages of the diamond pipeline and provides significant benefits through the revenue generated from rough sales, payments of taxes and royalties, employment, and the purchases of goods and services.

In order to develop an export market targeted specifically to Canadian diamond jewellery, uniquely Canadian designs will need to be developed and marketed to develop demand for that style. One opportunity may be designs based on Aboriginal themes.

There also appears to be a lack of awareness in export markets of Canada's position as a significant diamond producing jurisdiction and of some of the Canadian brands of cut and polished stones and other diamond-based products produced in Canada. Raising awareness of Canadian diamond production and products can promote the development of export markets for Canadian diamonds through increased demand for those products.

It is recommended that jurisdictions interested in undertaking export market development associated with the diamond industry consider the following:

- Where a strong business case for diamond jewellery manufacturing exists, it could be encouraged through a process developed in co-operation with the diamond industry in a way that manages expectations.

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2. Concern was expressed by industry over the registering by the Government of the Northwest Territories (GNWT) in January 2004 of the official mark "CANADIAN DIAMOND". The GNWT committed to work with other jurisdictions, industry and other stakeholders in determining how the mark can best be used to benefit the Canadian diamond industry.

- Governments can provide opportunities for all sectors of the diamond industry in Canada to promote their activities and products by:
  - a) working with the diamond industry to develop mechanisms to raise the awareness in export markets about the Canadian diamond industry; and
  - b) reviewing government's role in the diamond branding process on a regular basis and adapting it to the state of the market and the industry.
- Promotion of specific Canadian brands or products are the responsibility of the diamond industry
- Promotion of diamond-related tourism

Public interest in the diamond industry, not only in Canada, but throughout the world is very high.

Diamond tourism opportunities, as a sole draw to a region are unlikely to be successful, but may be successful as an enhancement to other tourism draws, prolonging the stay of tourists and increasing spending of tourism dollars.

Current Canadian mines and diamond cutting/polishing facilities are not amenable to large-scale tourism development. Factors such as remote locations, poor weather conditions, and the difficulty in retrofitting operations to deal with security, workplace disruptions and workplace safety are significant barriers. However, future developments in the diamond industry could potentially incorporate tourism aspects with proper planning and incentives. Other opportunities may include museums or a "diamond interpretive centre" that would incorporate displays from various aspects of the diamond industry and be linked to a diamond selling facility.

Development of a diamond tourism industry in Canada will help to raise awareness of the Canadian diamond industry and may help build demand for Canadian cut and polished diamonds and Canadian manufactured diamond jewellery.

In consequence, where a strong business case can be made for diamond tourism opportunities, it is recommended that a co-operative marketing effort of those opportunities be undertaken by governments, the tourism sector and the diamond industry to raise the awareness and interest of the public, both domestically and internationally.

### 3.3 Regulation and market security

One of the traditional roles of government is to ensure that markets operate efficiently. To do so, the partners must have access to timely, relevant information.

- Market knowledge and mining royalties

Responsible jurisdictions have a right to royalties, taxes and income taxes based on the fair market value of shipments from the territory. Since there is no public diamond market, and since the industry is subject to rapid change as a result of substantial structural and economic fluctuations, it is in the governments' interest to acquire a thorough knowledge of its evolution, to have access to the expertise needed to tailor their policies.

In addition, since no two rough diamonds are identical, it is advisable to develop the expertise required to evaluate market value in Canada. That expertise should reassure enterprises that evaluation of their production is carried out on the same basis throughout Canada and coherently over time.

It is recommended that the Ministers of Provinces and Territories jointly develop expertise and share information relevant to the evolution of the international diamond market with stakeholders. It is also recommended that the Ministers consider the advisability of establishing common sorting and valuation criteria, which would be applied by Provinces and Territories with producing diamond mines, so that the value of shipments can be established coherently and consistently between jurisdictions and over time.

- Land tenure

Diamond exploration requires a much larger initial land position than exploration for gold or base metals and consequently issues related to land access and tenure are more acute.

The high cost of ground staking in remote areas was cited as a key concern, resulting in a disproportionate amount of expenditure on acquiring mineral tenure rather than on exploration. The cost to retain tenure was also cited as an issue in relation to the large land position required for diamond exploration as compared to other commodities.

Jurisdictions should review their existing regulatory framework for mineral tenure to identify potential barriers and/or gaps with respect to diamond exploration.

- Environmental permitting

The diamond exploration and mining industry is committed to excellence in environmental performance. However, regulatory uncertainty, overlap and duplication of regulatory instruments and lack of transparency of regulatory processes are critical issues impacting investor confidence, project planning and acquisition of mineral tenure for mineral exploration. An overall objective should be to create certainty – an environment where the rules are known.

Regulatory uncertainty in the North was seen as a particular deterrent in raising investment capital. Delays in the environmental approval process are particularly problematic in securing investment for projects that are subject to seasonal constraints. Detailed requirements for environmental assessments should be commensurate with the stage of activity.

Concern was expressed regarding linkages between the environmental assessment process and negotiation of socio-economic agreements or Impact Benefits Agreements. Marketing strategies and sales of rough should not be linked to environmental permit approvals.

It is recommended that governments consider streamlining and clarifying their processes and timelines for environmental assessment processes, and this without compromising environmental protection, as well as establishing requirements and timelines for negotiating Impact Benefit Agreements between companies and Aboriginal communities/organizations where applicable.

- Security

It is recognised that in Canada, good policies are in place for security on mine sites under a controlled environment, particularly in remote locations.

There is however a need to examine/establish minimum security standards and processes at several stages of the diamond pipeline. These include : policing, possession and transportation of rough stones, hiring and immigration screening, service support and manufacturing facilities.

Representatives from industry, governments and policing agencies recently established the Canadian Diamond Security Group to assess potential security risks facing the Canadian diamond industry. Governments should consider formalising their participation in this group. In addition to assessing risks and developing mitigation strategies, the group should also examine its role in education and awareness, proactive problem solving and setting standards.



### 3.4 Implementation

The consultations that led to the preparation of the proposed action plan have triggered a lot of interest among the representatives of the targeted industries. In fact industry from all sectors expressed a strong desire to be actively involved in any implementation of an action plan. The Canadian Jewellers Association and the Mining Association of Canada, in particular, have offered to help with the implementation of the proposed action plan. Even though a number of items contained in the action plan exclusively concern governments, a number of others, such as acquiring market knowledge, establishing common standards, and developing a certification process for marketing, would benefit from being addressed in partnership with the industry.

- Creation of a coordinating body

Given the strong interest by industry and the offer for participation in implementation, ongoing transparent dialogue and collaboration will be required. Some form of “multi-stakeholder” participation is necessary to move forward. The consultation sessions and round table in Yellowknife confirmed that there is a need to involve targeted industries, the Federal government, affected Aboriginal groups and perhaps several relevant non-governmental organizations. Some form or model that would achieve open and transparent partnership in a manageable way is required. There are many options. Leadership is also required.

Considering the interest in partnership expressed by industry associations and the strong commitment of the Provinces and Territories to implement the National Diamond Strategy, it is recommended that the Ministers mandate the Steering Committee to elaborate the terms of reference of a multi stakeholder coordinating body such as a “Diamond Institute or Council”.

The mandate of this body would be to develop terms and conditions for the implementation of the Strategy, to coordinate its achievement, to propose further steps and to report to the Ministers responsible for mining.

#### 4. Monitoring mechanism

- Premiers' approval

In July 2003, the Premiers of the Provinces and Territories asked their Ministers to develop an action plan for a National Diamond Strategy that would maximize the benefits for Canadians from all stages of the emerging diamond industry.

The Premiers received the plan at the Council of the Federation meeting in July 2004, and approved the strategy which makes recommendations in three areas: the supply of Canadian rough diamonds, the demand for diamonds processed in Canada, and the regulation of the markets. Key among the recommendations is the establishment of a multi-stakeholder body that will allow all stakeholders to participate in this important national initiative. Cooperation among stakeholders, industry and provincial/territorial governments is important for coordinating efforts and sharing knowledge and expertise. Provincial and Territorial Mines Ministers will continue the development and implementation of the National Diamond Strategy.

- Organization of a National Round Table in Québec, in May 2005

The dialogue initiated between the governments and the diamond industry, on the one hand, but also between various industry stakeholders, on the other, are both valuable assets resulting from the consultations for the development of the action plan. This dialogue deserves to be continued and encouraged.

Considering that terms and conditions for implementation of several components of the proposed action plan remain to be specified, it is recommended that the Ministers accept Québec's offer to organize a Pan-Canadian Round Table, in May 2005, where the terms and conditions will be discussed with members of the industry and stakeholders.

- Report to the next Mine Ministers' Conference

The creation of a coordinating body, the development of a certification process, the documentation of tax incentives, and the creation of a network of centres of excellence for diamond exploration and mining are all structuring measures that will have to be carried out in partnership with the industry and stakeholders.

It is recommended that Ministers mandate the Steering Committee to present a progress report at their next annual Conference, in New Brunswick, in 2005.

## 5. Conclusion

The international diamond industry is undergoing profound changes. New producers entering the market and the emergence of the Canadian industry are two factors that will contribute to its development.

By moving forward with this action plan for the National Diamond Strategy, the Mine Ministers of the Provinces and Territories are also contributing to its expansion in Canada, for the benefit of all Canadians.

The gradual and concerted implementation of this plan's measures by the governments, in partnership with the industry and stakeholders, will contribute to boosting the supply of Canadian diamonds. The measures will help to strengthen demand for diamond jewellery on the domestic and foreign markets. The governments are confident that, with industry participation, these measures will promote the creation and expansion of prosperous businesses that will create wealth for all Canadians in the context of a growth market with a tailored regulatory framework.