



# Memorandum D10-14-39

Ottawa, May 28, 2015

## Canadian Diamonds Exported and Returned

### In Brief

A complete review of this memorandum was made. The editing revisions do not affect or change any of the existing policies or procedures.

This memorandum outlines and explains the provisions of tariff item 9813.00.00 as it relates to Canadian diamonds.

### Legislation

#### Customs Tariff

71.02

7102.10.00

7102.21.00

7102.29.00

7102.31.00

7102.39.00

9813.00.00

9813.00.00.41

9813.00.00.49

### Guidelines and General Information

1. For the purposes of this memorandum, the term “rough diamonds” means unworked stones that while abroad may have undergone grading, sorting and/or cleaning, do not increase the value for duty of the stones. Since such diamonds have not been physically altered by a process of manufacture, they would be eligible for the benefits of tariff item 9813.00.00.
2. If, while abroad, Canadian diamonds underwent any processing, or had otherwise enhanced in value, the stones would not qualify for the benefits of tariff item 9813.00.00. This is true even if what was done outside Canada does not result in a change in the tariff classification at the subheading level. Such processing includes the following stages:
  - (a) Sawing/cutting/cleaving (splitting or dividing the rough stone into two parts);
  - (b) Prebuting (initial attempt to make the stone round in the case of a brilliant cut);
  - (c) Table polishing (remove sawing lines and define the final table);
  - (d) Blocking (pre-shape the stone on the top side and the bottom side);
  - (e) Bruting (final diameter of the stone is given);
  - (f) Bottom polishing (final bottom facets are polished);
  - (g) Table smoothing (final table is polished); and

(h) Top polishing (final top facets are polished).

3. It should be noted that the term “preprocessing” is also used in the diamond industry to describe stones that have undergone some processing but have yet to have the final facets polished (i.e., stages (a) to (e) above). Such stones are also not eligible for the benefits of tariff item 9813.00.00.
4. Polished diamonds are stones that have undergone complete manufacturing and are ready to be mounted into jewellery or used in other applications.
5. Diamonds returned to Canada after cutting and polishing for the purpose of “reprocessing” to correct manufacturing flaws are eligible for the benefits of tariff item 9813.00.00.
6. The Canadian diamond industry maintains very sophisticated internal control systems over their products. Both Canadian mining operations and Canadian cutting and polishing companies maintain extensive in-house computer tracking systems that monitor the processing of diamonds. Within these systems, the origin of the diamond and the stage of processing for a particular time frame can normally be ascertained.
7. In Canada, the minimum standard, which has been established to validate a Canadian diamond for marketing purposes, is the [Voluntary Code of Conduct for Authenticating Canadian Diamond Claims](#) endorsed by the Competition Bureau and the World Jewellery Confederation. The Code is based on a paper trail and a chain of warranties. Any diamond mined in Canada maintains its Canadian status, for marketing purposes, even if it has been processed outside the country. Importers might improperly declare diamonds mined in Canada under 9813.00.00 even when processing or preprocessing has occurred outside of the country. However, that is not the case for the administration of tariff item 9813.00.00. Eligibility is determined as explained in paragraphs 1 to 7 (above), regardless of whether the stone is considered “Canadian” for marketing purposes.
8. Under the [Export and Import of Rough Diamonds Act](#), a Kimberley Process Certificate is required to accompany all exports and imports of rough diamonds. The Certificate confirms that the shipment was processed and shipped in accordance with the requirements of the Kimberley Process as outlined in [Memorandum D19-6-4, Kimberley Process – Export and Import of Rough Diamonds](#). A Kimberley Process Certificate specifies the country of mining origin of the diamonds, since its purpose is to prevent conflict (rough) diamonds from entering into the legitimate world markets. However a Kimberley Process Certificate does not provide sufficient evidence to determine whether the diamond qualifies as Canadian goods returned pursuant to tariff item 9813.00.00.

## Tariff Classification

9. Diamonds eligible for the benefits of tariff item 9813.00.00 must first be classified in the appropriate subheading, i.e.:
  - (a) Rough diamonds are classified under subheadings 7102.10, 7102.21 and 71.31, and are eligible for the benefits of tariff item 9813.00.41;
  - (b) Polished diamonds are classified under subheadings 7102.29 and 7102.39, and are eligible for the benefits of tariff item 9813.00.49.
10. Further information on diamonds classified in 7102.10, 7102.21, 7102.29, 7102.31 and 7102.39, can be found in [Memorandum D10-17-41, Tariff Classification of Rough Diamonds, Unsorted Diamonds, and Unworked Diamonds](#).

## Supporting Documentation

11. In addition to a Kimberley Process Certificate, other documentation may be required under the Voluntary Code of Conduct for Authenticating Canadian Diamond Claims. Importers may be required to provide one or more of the following documents to substantiate that the diamonds being imported are of Canadian origin and have not been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad.

### (a) Rough Diamonds

- (i) Unique export parcel number assigned to the diamond shipment at the time the diamond was originally exported from Canada;

(ii) Copy of the diamond's parcel paper (a folded sheet of paper containing the diamond and processing information – estimated yield, dimensions, inclusions, etc.).

**(b) Polished Diamonds**

(i) Government of the Northwest Territories Polished Diamond Certificate, or similar provincial or territorial certification document;

(ii) A commercial certificate containing a unique diamond production number or diamond identification number (e.g., Tiffany Diamond Certificate);

(iii) A DIAMMARX or similar unique gem-print; and

(iv) Copy of the diamond's parcel paper (a folded sheet of paper containing the diamond and processing information – estimated yield, dimensions, inclusions, etc.).

12. Importers are required to maintain such supporting documentation upon request from Canada Border Services Agency officers for such post importation activities such as compliance verification audits and re-determinations of tariff classification.

**Additional Information**

13. For certainty regarding the tariff classification of a particular good, importers may request an advance ruling. Details on how to make such a request are found in [Memorandum D11-11-3, Advance Rulings for Tariff Classification](#).

14. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	HS9813.00
<b>Legislative References</b>	<a href="#">Customs Tariff</a> <a href="#">Export and Import of Rough Diamonds Act</a>
<b>Other References</b>	<a href="#">D10-17-41</a> , <a href="#">D19-6-4</a> , <a href="#">D11-11-3</a> <a href="#">Voluntary Code of Conduct for Authenticating Canadian Diamond Claims</a>
<b>Superseded Memorandum D</b>	D10-14-39 dated July 14, 2006