



Ottawa, November 1, 2006

# MEMORANDUM D10-17-41

---

## **In Brief**

### **TARIFF CLASSIFICATION OF ROUGH DIAMONDS, UNSORTED DIAMONDS, AND UNWORKED DIAMONDS**

This memorandum outlines the Canada Border Services Agency's policy regarding the definition and classification of "rough diamonds," "unsorted diamonds" and "unworked diamonds" for the purposes of heading 71.02 of the *Customs Tariff*.



Printed in Canada



Ottawa, November 1, 2006

# MEMORANDUM D10-17-41

## TARIFF CLASSIFICATION OF ROUGH DIAMONDS, UNSORTED DIAMONDS, AND UNWORKED DIAMONDS

This memorandum explains Canada Border Services Agency (CBSA) policy regarding the definition and classification of “rough diamonds,” “unsorted diamonds” and “unworked diamonds” for the purposes of heading 71.02 of the *Customs Tariff*.

### Legislation

71.02	Diamonds, whether or not worked, but not mounted or set.
7102.10.00	- Unsorted
	- Industrial:
7102.21.00	-- Unworked or simply sawn, cleaved or bruted
7102.29.00	-- Other
	- Non-industrial:
7102.31.00	-- Unworked or simply sawn, cleaved or bruted
7102.39.00	-- Other
71.05	Dust and powder of natural or synthetic precious or semi-precious stones
7105.10.00	- Of diamonds

### Harmonized System Explanatory Notes

#### Heading 71.02 (in part)

The heading covers unworked stones, and stones worked, e.g., by cleaving, sawing, bruting, tumbling, faceting, grinding, polishing, drilling, engraving (including cameos and intaglios), preparing as doublets, **provided** they are neither set nor mounted.

#### Subheading 7102.10

Before “unworked” or rough diamonds are marketed as “industrial” or “non-industrial” they are graded and sorted in terms of technical criteria by diamond experts. The technical criteria include weight (mass) and crystallographic suitability for cutting. Account is also taken of shape, transparency, colour and clarity or quality of crystals.

This subheading covers those lots (i.e., parcels) of diamonds or single diamonds which have not been submitted to such expert examination.

This subheading also includes parcels of rough diamonds that have only been sieved and that are packaged according to size without having been submitted to further expert examination.”

#### Subheadings 7102.21 and 7102.29 (in part)

Subheading 7102.21 covers:

(1) Diamonds in their natural state, i.e., as they occur in deposits or extracts from the parent rock, sorted into lots or parcels.

(2) Diamonds simply sawn (e.g., into thin strips), cleaved (by splitting along the natural plane of the layers) or bruted, tumbled or which have only a small number of polished facets (e.g., so-called windows, which are mostly made to allow expert examination of the internal characteristics of the rough diamond) i.e., stones which have only a provisional shape and clearly have to be further worked. The strips may also be cut into discs, rectangles, hexagons or octagons, provided that all the surfaces and ridges are rough, matt and unpolished.

(3) Tumbled diamonds of which the surface has been rendered glossy and shiny by chemical treatment, also known as chemical polishing. Chemical polishing is different from traditional abrasive polishing in that the diamonds are not mounted individually and polished on a polishing wheel, but are loaded – in bulk – into a chemical reactor.

(4) Broken or crushed diamonds.

Subheading 7102.29 covers polished or drilled diamonds, and engraved diamonds (other than diamonds engraved for identification purposes only).

#### Subheadings 7102.31 and 7102.39

These subheadings cover natural diamonds which, because of their characteristic features (colour, clarity or purity, transparency, etc.) are suitable for use by jewellers, goldsmiths or silversmiths.

Subheading 7102.31 covers:

(1) Diamonds in their natural state, i.e., as they occur in deposits or extracts from the parent rock, sorted into lots or parcels.

(2) Diamonds simply sawn, cleaved (by splitting along the natural plane of the layers), bruted or which have only a small number of polished facets (e.g., so-called windows, which are mostly made to allow expert examination of the internal characteristics of the rough diamond), i.e., stones which have only a provisional shape and clearly have to be further worked.

(3) Tumbled diamonds of which the surface has been rendered glossy and shiny by chemical treatment, also known as chemical polishing. Chemical polishing is

different from traditional abrasive polishing in that the diamonds are not mounted individually and polished on a polishing wheel, but are loaded – in bulk – into a chemical reactor.

Subheading 7102.39 covers:

(1) Polished diamonds having multiple flat polished surfaces or facets, which do not require to be further worked before being used in jewellery.

(2) Drilled diamonds, engraved diamonds (including cameos and intaglios) and diamonds prepared as doublets or triplets.

(3) Diamonds which were subjected to polishing and drilling or engraving and were broken during these operations, as well as polished diamonds broken during their transportation or storage.

Subheading 7102.39 **does not cover**:

(a) Diamonds which have only a small number of polished facets (e.g., windows which are made to allow expert examination of the internal characteristics of the rough diamond) and which clearly have to be further worked;

(b) Diamonds which have only been engraved for identification purposes.

---

## GUIDELINES AND GENERAL INFORMATION

### Unworked (Rough) Diamonds

1. The term “rough diamonds” is used throughout the diamond trade. It does not, however, appear in the English version of the *Customs Tariff*. The French version of the *Customs Tariff* uses the term “diamants bruts,” which translates to English as “rough diamonds.” The Explanatory Notes to heading 71.02 also translate the term “unworked stones” as “diamants à l’état brut.” For purposes of heading 71.02, the term “rough diamonds” means diamonds that may be cleaned but that have not been worked in terms of various diamond finishing processes, such as grinding, faceting or polishing.

2. “Rough diamonds” may be sorted (as industrial or non-industrial) or unsorted. “Rough unsorted diamonds” include parcels that have been sieved only and that are packaged according to size with no further examination. “Rough sorted diamonds” have been submitted to further expert examination and are sorted according to shape, transparency, colour and clarity or quality of crystals.

3. “Rough diamonds” that have been engraved for identification purposes only are still classified as unworked diamonds.

4. “Rough diamonds” include tumbled diamonds where the surface has been rendered glossy and shiny by chemical treatment (chemical polishing). Chemical polishing is different from traditional abrasive polishing in that the diamonds are not mounted individually and polished on a polishing wheel, but are loaded – in bulk – into a chemical reactor.

5. The term “rough diamonds” also applies to diamonds with a single facet or window and to diamonds referred to as “marked roughs.” Before sale or cutting, a cutter may remove a very small part of the outer layer (skin) of the “rough diamond” in order to examine the interior of the diamond and assess its characteristics. “Marked roughs” are diamonds that have been marked by a cutter or gemmologist to show the desired direction of cutting and polishing.

6. The descriptions “partially polished rough diamonds” and “partially polished diamonds” are also used in the diamond trade. These are **not** rough diamonds (unsorted or unworked) for purposes of the Harmonized System. The classification of such diamonds is determined on the basis of the cutting and polishing processes that have been completed. For example, gem-quality diamonds with a round brilliant cut made by simply sawing (table facet), cleaving or bruting are classified under subheading 7102.31. Similar diamonds, which have been further faceted (blocked) or finished (brillianted), but not polished, are classified under subheading 7102.39.

7. Rough diamonds are classified either as “Unsorted” of subheading 7102.10 or “Unworked” of subheadings 7102.21 or 7102.31.

### Unsorted Diamonds

8. “Unsorted diamonds” of subheading 7102.10 have been separated from the surrounding earth. No determination has been made as to whether they are industrial or non-industrial diamonds. They may have undergone surface cleaning and primary sorting for the purposes of government valuation and they may also have been sieved and/or weighed, and grouped on the basis of weight. No other work (e.g., faceting, grinding, polishing) has been done. The work completed on these diamonds (e.g., cleaning, weighing) does not involve technical experts or trained sorters and does not result in diamonds being ready for market.

### Unworked Diamonds

9. Unworked diamonds have not been subject to any finishing work processes, e.g., faceting, grinding, or polishing. They have undergone final sorting, in which they have been sorted and graded into lots by a trained technician or sorter. The determination of industrial or non-industrial (gem and near gem) is made at this stage without regard to

the actual end use. Unworked diamonds are classified under subheading 7102.21 (industrial) or subheading 7102.31 (non-industrial).

10. These subheadings also include simply sawn, cleaved or bruted rough diamonds – processes that prepare the stones for their optimum use. Rough diamonds may be sawn into provisional shapes (spheres, discs, rectangles, hexagons or octagons) provided all surfaces and ridges are rough, matt and unpolished.

“**Sawn**” means that the diamond has had a piece cut from it against the cleavage plane by a blade or laser. This process often produces the table facet.

“**Cleaved**” means that the diamond has been split along the natural plain of the layers into two or more pieces. It is done to remove impurities or irregularities. Some rough diamonds are well formed and do not need to be cleaved.

“**Bruted**” or “**girdled**” means that the diamond has been rounded around its widest circumference by lathing. This procedure is performed only for diamonds that are to be finished as round, brilliant stones.

#### Other Worked Diamonds

11. Other worked diamonds, other than those that are sawn, cleaved or bruted, are classified under subheading 7102.29 or 7102.39. These other processes include faceting, grinding, polishing, drilling, engraving (including cameos and intaglios, but not diamonds engraved for identification purposes only) preparing as doublets, as well as blocking (lapping, cross working) or brilliantteering.

“**Faceting**” means to polish the stone to show its colours to the best advantage, trim it to eliminate flaws and give added symmetry, and arrange surface planes so that a maximum of light is thrown back.

“**Polishing**” means the reduction of a rough or irregular surface to a smooth flatness or curvature. This is the final operation in fashioning a diamond, it is used both in blocking (lapping) and brilliantteering as well as faceting.

“**Drilling**” means to produce extremely small holes, with solid steel tapered needles employed with loose diamond abrasive spun at high revolutions per minute (RPM).

“**Grinding**” means the process to obtain a flat surface before sanding and polishing, using carborundum or diamond grit.

“**Sanding**” removes the scratches left by the cutting operation.

“**Blocking (lapping, cross working)**” means the process of placing the first 18 (main) facets on a diamond brilliant – 17 if there is no culet. (A culet is the point on the bottom of a diamond's pavilion. During the manufacturing process, the culet is often polished as a flat facet so that it does not get chipped as the other facets are polished.)

“**Brilliantteering**” means the process of placing and polishing the 40 remaining facets on a brilliant cut diamond.

“**Intaglio**” and “**cameo**” are terms used to differentiate between engravings cut below the surface of a stone (intaglio) and those that stand out in relief above a flat surface background of a stone (cameo).

“**Diamond doublet**” means an infrequently encountered assembled stone, consisting either of a diamond crown and a pavilion of another colourless material or two pieces of diamond cemented together.

12. Previously cut and polished diamonds that are damaged and chipped and require repolishing or recutting are still classified as worked diamonds since they have already undergone a cutting and polishing process. They are not considered rough diamonds for classification purposes. These diamonds may be exported for repair e.g. recut, repolished and then returned as cut and polished diamonds. These are not to be confused with damaged or crushed diamonds that have not undergone further processing or cannot be identified as having been previously cut and polished.

13. Diamond dust and powder particles less than or equal to 1,000 microns are classified under subheading 7105.10 and are not considered to be rough diamonds. Subheading 7102.21 covers broken or crushed rough diamonds of a diameter greater than 1,000 microns.

#### Kimberley Process

14. Canada, along with many other countries, has participated in the international “Kimberley Process,” and its development of proposals for an international certification scheme for the control of the import and export of rough diamonds. Under *The Export and Import of Rough Diamonds Act* (Natural Resources Canada), in effect since January 1, 2003, imports and exports of rough diamonds in Canada need to be accompanied by a Kimberley Process Certificate. Trade in rough diamonds with non-participants in the scheme is prohibited. For the purposes of the Kimberley Process, rough diamonds are classified under subheadings 7102.10, 7102.21 and 7102.31.

## REFERENCES

<b>ISSUING OFFICE –</b> Tariff Policy Division Admissibility Branch	<b>HEADQUARTERS FILE –</b> HS 7102.00
<b>LEGISLATIVE REFERENCES –</b> N/A	<b>OTHER REFERENCES –</b> N/A
<b>SUPERSEDED MEMORANDA “D” –</b> N/A	

Services provided by the Canada Border Services Agency are available in both official languages.

