



# Canada: Jewelry Industry Sector Overview

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## SUMMARY

The United States and Canada are the largest trading partners in the world. In 2008 the two countries shared a record setting trade relationship, which amounted to more than US\$1.6 billion per day for a total of US\$596 billion at year end. The jewelry industry is also proof of this strong trading relationship. The United States has been the top developed country from which Canada imports its jewelry and related products. Despite the fluctuations of the Canadian dollar and increases in Chinese jewelry imports, Canada has realized an increase in jewelry imports from the United States over the past five years. It has amounted to an approximate 11% increase from 2007 to 2008, according to statistics from Industry Canada.

This report analyzes the jewelry sector, as well as related sub-sectors, and highlights opportunities within them for U.S. companies interested in exporting to Canada. It contains data on market size, market trends, U.S. – Canada import/export statistics, best prospects, market demand, market entry, export opportunities, trade shows, and valuable industry contacts.

Please note that this report refers to 'jewelry' when discussing general market conditions in the U.S. spelling. When referring to a specific Canadian organization, company, or name, we may use "jewellery" as the Canadian/British spelling.

Note: All dollar-amounts are in Canadian dollars, unless otherwise noted.

## MARKET DEFINITION

The Canadian jewelry industry comprises establishments primarily engaged in manufacturing, engraving, chasing or etching jewelry, novelties or precious metal flatware, and other plated ware; stamping coins; cutting, slabbing, tumbling, carving, engraving, polishing or faceting precious or semiprecious stones and gems; recutting, repolishing and setting gem stones; or drilling, sawing, and peeling cultured and costume pearls. Canada's Jewellery and Silverware Manufacturing (NAICS 33991) industry is not broken down further. It is part of the Other Miscellaneous Manufacturing (NAICS 3399) industry group.

Products included in the jewelry industry (NAICS 33991) are: costume jewelry (including imitation stones and pearls), flatware, silver or silver plated jewelry, halloware (silver, nickel silver, pewter, stainless steel, and plated), industrial diamonds (cut and polished), jewelry and silverware (metal embossed), jewelry engraving, jewelry polishing, jewelry (made of precious metal or precious or semiprecious stones), medals (precious or semiprecious metal), coins, pearls, pewter ware, and precious stones.

## MARKET DEMAND

In 2008, the total value of the jewelry (NAICS 33991) industry in Canada was estimated to be \$1.7 billion. There has been an increase from \$504 million in 2007 to \$564 million in 2008 in the domestic export of jewelry from the United States to Canada. This figure of approximately \$60 million contributes to a rather small portion of the total imports from the United States per year, but the increase of approximately 11% is nonetheless a good sign of growth.

This growth in 2008, however, is less likely in 2009 due to the slowdown of economic activity around the world and especially in North America. The jewelry industry, which is mostly comprised of SME's (Small-and- Medium-Sized enterprises), will likely suffer because of instability in consumer markets and the inability to keep small operations going because of a lack of demand. With a large spike in the price of gold and other precious metals over the summer, consumers cut down their spending and suppliers thus were left with large inventories.

The United States is the top exporter of jewelry to Canada. But other countries such as China, India, Israel and Italy are also major exporters of jewelry and silverware to the Canadian market. In 2008, the Canadian jewelry and silverware industry experienced strong growth in imports from China, India, and Israel. This shift may have occurred due to exchange rate fluctuations in the Canadian dollar, which in the latter half of 2008 declined against the U.S. dollar. Ultimately, this may have led Canadian importers to seek out new markets in which the Canadian dollar had more clout against the domestic currency.

Canadians have the highest diamond engagement ring acquisition rate in the world at 85 percent. The jewelry market is broken into two retail categories; fine jewelry (with precious metals and gems) and costume jewelry. The Canadian jewelry market has hit or exceeded projected growth expectations for the previous three years. Primary purchasers of both fine and costume jewelry are females between the ages of 20 and 50.

In a report to its members on January 7, 2009, the Retail Council of Canada said "sales were soft during the 'not-so-happy holidays.'" The report also confirmed conditions in the trade have softened significantly, and more than retailers had expected. According to one survey of 44 large and mid-sized members, 60 per cent of them found that same-store sales in December were lower than a year ago, while 30 per cent found they were higher. The results illustrate the weakest market since the Council began tracking sales in 2001.

The Canadian jewelry industry experiences heightened sales during Valentine's Day and Christmas. Companies earn a vast majority of the year's revenue from these time periods alone.

## MARKET DATA

Costume jewelry remains a popular choice among Canadians. Over the years, costume jewelry has become an inexpensive alternative to fine jewelry for the fashion conscious. Costume jewelry continues to change with the current season's trends with materials such as base metals, leather, feathers, glass beads, gems and pearls. Costume jewelry is great because it reflects current trends, styles, materials and colors, with intent to be fashionable for a very short period of time. Best of all, it appeals to all age groups and incomes.

The Canadian diamond market has emerged as a highly sought after global diamond supplier. Existing diamond mines in Russia and Australia are reaching their production limits, while northern regions of Canada are still in the early mining stages. In 2007, Canada was ranked 3<sup>rd</sup> in the world for diamond output and 3<sup>rd</sup> in the world for value. Canadian diamonds are highly sought after because they have an excellent reputation for quality, and they are “conflict free” (i.e. no child labor, not being used to finance weapons for a civil war).

Despite the economic downturn, mining-exploration companies are still going strong in Canada. Despite drastically reducing their budgets and forecasts, the Canadian mineral exploration and deposit appraisal sector continues to be the top destination in the world for exploration capital. Actual 2008 expenditures will be released in late 2009, but an estimated figure of \$2.8 billion would be an all time record high for total exploration expenditures in Canada a significant part of which relates to the mining of gems and precious metals.

### **Industry Statistics**

In 2008, the total value of the jewelry (NAICS 33991) industry in Canada was estimated to be \$1.7 billion. There has been an increase from \$504 million in 2007 to \$564 million in 2008 in the domestic export of jewelry from the United States to Canada. This figure of approximately \$60 million contributes to a rather small portion of the total imports from the United States per year, but the increase of approximately 11% is nonetheless a good sign of growth.

### **Breakdown of the Canadian Market by Province**

Ontario had the highest performance of the provinces in 2008 with approximately \$1.29 billion worth of jewelry exports. This was followed by Quebec, Manitoba and British Columbia.

**Table 1: Jewelry Industry (NAICS 33991): Total Exports – Distribution by Province, (Value in Canadian Dollars)**

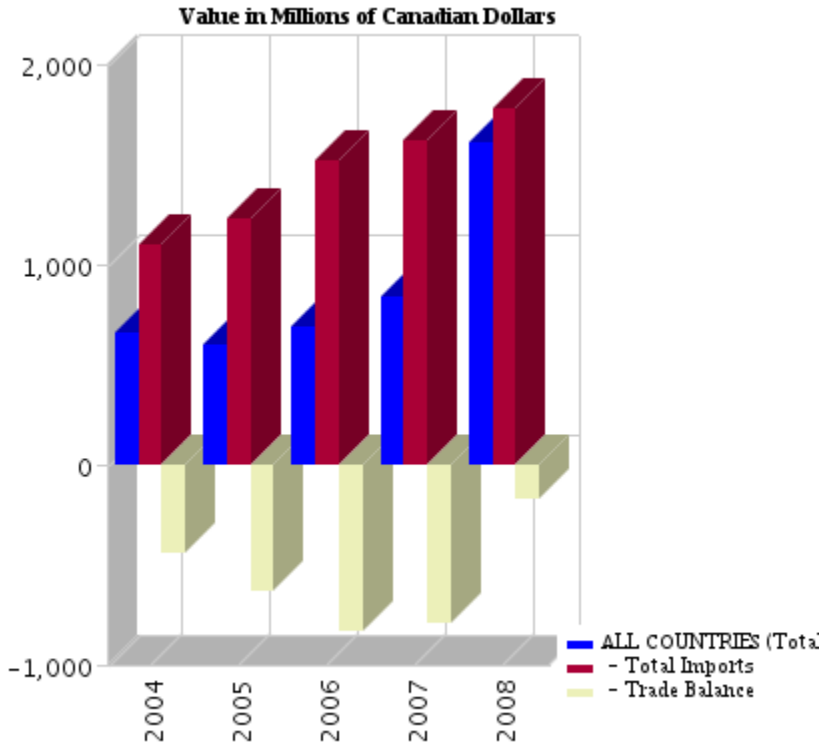
	2006	2007	2008
<b>Ontario</b>	417,439,029	558,381,565	1,298,621,609
<b>Quebec</b>	175,021,021	131,372,983	137,302,878
<b>Manitoba</b>	6,365,040	56,331,683	98,721,345
<b>British Columbia</b>	65,003,907	56,588,446	35,264,193
<b>Northwest Territories</b>	10,717,904	18,790,703	22,168,529
<b>Alberta</b>	19,378,932	22,178,266	21,497,738
<b>Saskatchewan</b>	528,390	682,643	719,923
<b>Nova Scotia</b>	1,592,723	610,098	451,278
<b>New Brunswick</b>	78,123	512,055	97,183
<b>Yukon Territory</b>	41,387	90,526	73,054
<b>Nunavut</b>	13,203	3,982	49,026
<b>Prince Edward Island</b>	497,274	114,032	14,419
<b>Newfoundland and Labrador</b>	119,391	54,563	--

Source of data: Statistics Canada, 26-Aug-2009

**Trade Statistics**

Statistics Canada reported that in 2008 Canada had a deficit of \$166 million in its trade balance for the jewelry sector with all countries. Canada imported \$1.78 billion of these products, and exported approximately \$1.61 billion.

**Graph 1: Jewelry industry (NAICS 33991) – Trade balance between Canada and all its trading partners.**



KavaChart images from VE.com

**Table 2 – Jewelry Industry (NAICS 33991) Total Canadian Exports – Top 5 countries – Valued in Thousands of Canadian Dollars**

	2006	2007	2008
<b>United States (U.S.)</b>	589,459	560,734	1,152,532
<b>Germany</b>	10,061	59,769	123,216
<b>United Arab Emirates</b>	2,238	15,413	43,297
<b>Mexico</b>	239	23,256	37,435
<b>Japan</b>	5,175	4,069	33,329

Source: Statistics Canada, 18-Aug-2009

### Import Market

In 2008, the United States was Canada's largest supplier of jewelry. Canada imported \$1.78 billion of jewelry products of which \$601 million came from the United States, \$248 million from China; followed by India with \$212 million.

**Table 3: Jewelry Industry (NAICS 33991) Canadian Imports – Valued in Thousands of Canadian Dollars**

	2006	2007	2008
<b>United States (U.S.)</b>	519,707	542,183	601,925
<b>China</b>	200,278	221,896	248,821
<b>India</b>	190,217	193,400	212,513
<b>Israel</b>	111,893	128,358	146,599
<b>Italy (includes Vatican City State)</b>	80,407	87,409	83,440
<b>TOTAL (ALL COUNTRIES)</b>	1,524,974	1,628,621	1,780,867

Source: Statistics Canada, 18-Aug-2009

### Imports from the United States

According to Statistics Canada, the majority of U.S. jewelry imports to Canada originate in New York, California, New Jersey, North Carolina and Washington.

	2006	2007	2008
---- NEW YORK	204,264,074	189,319,652	200,671,975
---- CALIFORNIA	65,789,612	77,874,774	100,167,126
---- NEW JERSEY	37,223,794	45,989,097	63,278,921
---- NORTH CAROLINA	55,949,719	64,475,983	62,707,809
---- WASHINGTON	31,787,705	40,105,736	47,013,389

### Jewelry Imports by Province

Ontario is by far the largest import destination for jewelry (NAICS 33991) products. Of the \$1.78 billion in imports to Canada, approximately \$1.17 billion were imported to Ontario. Quebec and British Columbia are the second and third largest destinations with \$296 million and 193 million, respectively.

**Table 5: Jewelry Industry (NAICS 33991) Imports – Distribution by Province – Valued in Canadian Dollars**

	2006	2007	2008
Ontario	1,048,628,128	1,096,174,302	1,176,598,151
Quebec	233,612,587	258,955,655	296,310,962
British Columbia	154,163,223	166,754,349	193,074,165
Alberta	58,718,895	73,806,254	84,252,637
Manitoba	27,768,287	30,993,004	28,049,734
New Brunswick	656,181	636,572	1,183,832
Saskatchewan	701,807	599,803	954,956
Nova Scotia	705,536	675,047	414,776
Newfoundland and Labrador	16,323	23,141	24,114
Prince Edward Island	2,723	3,163	3,139
Yukon Territory	--	76	43
Northwest Territories	--	--	--
Nunavut	--	--	--

Source of data: Statistics Canada, 26-Aug-2009

**Table 6: Jewelry Industry (NAICS 33991) - Number of Establishments in Canada - By Type and Province**

Province or Territory	Employers	Non-Employers/ Indeterminate	Total	% of Canada
Alberta	42	41	83	8.1%
British Columbia	68	106	174	16.9%
Manitoba	11	5	16	1.6%
New Brunswick	8	6	14	1.4%
Newfoundland and Labrador	2	5	7	0.7%
Northwest Territories	2	0	2	0.2%
Nova Scotia	6	2	8	0.8%
Nunavut	0	0	0	0.0%
Ontario	150	268	418	40.7%
Prince Edward Island	2	0	2	0.2%
Quebec	156	135	291	28.3%
Saskatchewan	6	5	11	1.1%
Yukon Territory	2	0	2	0.2%
<b>CANADA</b>	<b>455</b>	<b>573</b>	<b>1,028</b>	<b>100%</b>
<b>Percent Distribution</b>	<b>44.3%</b>	<b>55.7%</b>	<b>100%</b>	

Source: Statistics Canada, Canadian Business Patterns Database, December 2008.

As with the volume of imports, Ontario accounts for the largest number of companies involved in the jewelry business, with 40% of the number of establishments followed by Quebec and British Columbia.

Footnotes to the chart: Statistics Canada defines Non-Employers as “owner operated.” The owners do not pay wages or salaries to themselves as an employee of the company. Even though some establishments do not maintain employee payrolls, they may have work forces, which may consist of contract-workers, part-time employees, family members or business owners. Indeterminate means that the employment type of an establishment cannot be determined.

### **Labor and Employment issues and statistics**

As of December 2008, Quebec, Ontario and British Columbia offer the largest amount of employment and business opportunities for the jewelry (NAICS 33991) industry across Canada. In 2007, the average annual compensation for employees of the Jewellery and Silverware Manufacturing industry was approximately \$47,602. In comparison, the average annual compensation for employees of the Manufacturing aspect of the Jewellery and Silverware Manufacturing industry was approximately \$48,674. From the chart it is also evident that “Micro Establishments” make up the largest slice of the Canadian jewelry industry by far, with some 286 establishments; and there are only three medium-sized establishments in all of Canada. So U.S. companies need to align their market strategy accordingly.

**Table 7: Jewelry Industry (NAICS 33991) Number of Employer Establishments in Canada – By Employment Size Category and Region**

Province or Territory	Employment Size Category (Number of employees)			
	Micro 1-4	Small 5-99	Medium 100-499	Large 500+
<b>Alberta</b>	34	8	0	0
<b>British Columbia</b>	43	25	0	0
<b>Manitoba</b>	6	4	1	0
<b>New Brunswick</b>	5	3	0	0
<b>Newfoundland and Labrador</b>	1	1	0	0
<b>Northwest Territories</b>	0	2	0	0
<b>Nova Scotia</b>	4	2	0	0
<b>Nunavut</b>	0	0	0	0
<b>Ontario</b>	92	57	1	0
<b>Prince Edward Island</b>	1	1	0	0
<b>Quebec</b>	94	61	1	0
<b>Saskatchewan</b>	4	2	0	0
<b>Yukon Territory</b>	2	0	0	0
<b>CANADA</b>	286	166	3	0
<b>Percent Distribution</b>	62.9%	36.5%	0.7%	0.0%

Source: Statistics Canada, Canadian Business Patterns Database, December 2008.

## **Market Entry**

The United States is still the largest exporter of jewelry to Canada with almost half of the market. Jewelry exports from the United States to Canada have generally been on a steady rise; but 2009 will be a challenge for all companies trying to sell to Canadian consumers in a downward trending market. In order to benefit from the slowing rising Canadian economy – June 2009 data showed the first positive increase in the Canadian GDP -- U.S. companies must maintain their presence in this sector.

The Canadian Government has completely eliminated the Canadian Excise Tax on jewelry, as of March 2009. Prior to that, all jewelry manufactured and sold in, or imported into Canada was subject to an excise tax of 10%. This is good news for U.S. jewelry exporters, because it will decrease the overall price of jewelry in Canada, and may help to make increased sales of jewelry products to Canada.

In Canada, the Internet is proving to be an active area as more and more consumers are catalog shopping from the web for jewelry.

## **Safety and Labeling Issues**

The Government of Canada continues to work to reduce the risks to Canadians of lead exposure, including lead in jewelry as well. Health Canada is also developing a 'Lead Risk Reduction Strategy' to control lead levels in consumer products that children are most likely to be exposed to. Health Canada warns that lead in jewelry can cause brain damage, learning disabilities and behavior problems in young children. It is illegal under the Hazardous Products Act to import, advertise or sell jewelry items intended mainly for children under 15 which contains more than 600 mg/kg total lead and 90 mg/kg migratable lead.

U.S. exporters of jewelry to Canada must fully comply with packaging and labeling practices in Canada. All warranties, labels, and other information provided to the consumer must be in both of Canada's official languages- English and French. Please review the Competition Bureau's "Guide to the Consumer Packaging and Labeling Act Regulations" for more detailed information. Individual provincial language requirements may apply in the province of Quebec. Please refer to the "Guide to Cultural and Linguistic Norms of Quebec", published by the BÉTEL.

## **Best Prospects**

The best prospects for the industry are primarily found in the discount aftermarket given that consumer demand has declined sharply in recent months during the later part of 2008 and the beginning of 2009. Lower consumer spending has also pressured retailers to decrease their prices in order to meet new market price-brackets.

However, the depressing economic state has led to efficiency gains in some of the industry's sectors. For instance, many jewelers have turned to computer-assisted design (CAD) programs in order to gain economies of scale. This approach is more economically efficient because it reduces the necessary time and labor required to market and supply the good. In other words, new elaborate designs can be made in significantly less time since suppliers can now make substantial changes simply by the click of a mouse.

CAD software seems to be the way of the future for the jewelry industry. Those who are trying to start up a business in the industry are urged to get into CAD and learn the software because it will pay dividends for companies down the road.

The Ontario government has taken the next step to expand its new diamond industry. As a result of an agreement in principle between the McGuinty government and *De Beers Canada* – operator of Ontario's first diamond mine – activities such as cutting and polishing will be expanded in Ontario. The agreement also explicitly states that 10 percent of the Victor Mine's production will be made available to Ontario for cutting and polishing. Approximately \$25-million worth of rough stones a year will be donated from *De Beers* to a designated buyer or buyers, known as Sightholders.

*De Beers Canada's* investment will create a \$6.7 billion in GDP economic impact, contributing to sustainable growth in the First Nation (Native North American) communities of James Bay and Northern Ontario.

Industry experts have identified a number of jewelry niches that present opportunities for above average growth. The following are observations from industry experts:

- Ontario's first diamond cutting and polishing facility, Crossworks Manufacturing, will be opening in Sudbury. About \$25-million worth of rough stones a year will be cut and polished at the Sudbury facility. The facility is expected to open mid September, 2009.
- An increase of Canadian women moving up in business, social, and political circles who have disposable income to purchase luxurious jewelry. It has led to rising demand for high-end costume jewelry.
- Silver, the less costly of the precious metals, is making a comeback in all types of jewelry – necklaces, rings, earrings and even cufflinks.
- Bold statement pieces that are eye catching and dress up any outfit. Wide cuffed bracelets, crystals, chunky chains, pendants and brightly colored stones are very popular for 2009. Charm bracelets and necklaces are still popular for all age groups.
- The wedding industry is booming; as most couples are not cutting back spending on engagement and wedding rings. Popular bridal jewelry trends for 2009 include: vintage/antique pieces, colored stones such as pink diamonds, as well as palladium and platinum for metals. Pearls and costume jewelry are popular choices for bridesmaids and flower girls, or even as thank you gifts.
- Custom made jewelry designed online is gaining popularity. Customers enjoy seeing different 3D angles and perspectives, and having the option of making changes to the jewelry they created.

### **Trade Events**

U.S. companies should consider attending key industry trade shows and exhibitions. A presence at such events will increase visibility of their products and services and can result in finding potential distributors/agents or end-users. Participating in any of the listed Canadian trade events is highly

recommended for maximum exposure. To attain maximum benefit, U.S. companies should also consider using one of CS Canada's services like a "Gold Key" program in combination with a trade event.

Below is a selected list of events in the jewelry sector:

**Expo Prestige** – Place Forzani  
Laval, QC – Aug 23-25, 2009 <http://www.cbq.qc.ca>

**Collections by JCK** – Vancouver Trade & Convention Centre  
Vancouver, BC – Aug 30-31, 2009 <http://www.collectionsbyjck.ca/>

**JCK Toronto** – Metro Toronto Convention Centre  
Toronto, ON – Sept 13-15, 2009 <http://www.jcktoronto.ca>

**Mode Accessories** – Toronto International Centre  
Toronto, ON – Oct 3-5, 2009 [http://www.mode-accessories.com/toronto\\_show\\_main.asp](http://www.mode-accessories.com/toronto_show_main.asp)

**Canadian Gift & Tableware Association** – Toronto International Centre  
Toronto, ON – Jan 31-Feb 4, 2010 <http://www.cgta.org/main.asp>

**Alberta Gift Show** – Northlands  
Edmonton, AB – Feb 21-24, 2010 <http://www.albertagiftshow.com/>

**Montreal Gift Show** – Place Bonaventure  
Montreal, QC – Mar 7-10, 2010 <http://www.montrealgiftshow.com/>

**Vancouver Gift Show** – BC Place Stadium  
Vancouver, BC – Sept 12-14, 2010 <http://www.vancouvergiftshow.com/>

**Western Canadian Jewellery Expo** – Shaw Convention Centre  
Edmonton, AB – 2010 TBA <http://www.wcjexpo.com/contact.php>

## **Magazines**

**Jewellery Business Magazine** - <http://www.jewellerybusiness.com/1/index.php>

**Canadian Jeweller** - <http://canadianjeweller.com/>

## **Resources & Contacts**

**Statistics Canada**  
[www.statscan.ca](http://www.statscan.ca)

**Industry Canada**  
[www.strategis.gc.ca](http://www.strategis.gc.ca)

## ITA

<http://ita.doc.gov>

**Competition Bureau** - <http://www.competitionbureau.gc.ca>  
(Quality and marking requirements of precious metals)

**Industry Canada** – <http://strategis.ic.gc.ca>

**Mode Accessories** – [www.mode-accessories.com](http://www.mode-accessories.com)

## Associations

**Canadian Jewellers Association** - <http://canadianjewellers.com/>

**Canadian Gemmological Association** - <http://www.canadiangemmological.com/ecom/>

**Canadian Institute of Gemmology** - <http://cigem.ca/>

**Jewellers Vigilance Canada** - <http://www.jewellersvigilance.ca/>

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