



Mike Bryant/NNSL photo

As of press time, Crossworks Manufacturing in Yellowknife was the only NWT diamond cutting and polishing plant in operation.

Manufacturing sales fall by 43 per cent in NWT

Sales in Nunavut up by \$200,000

Only one diamond plant operating in 2010

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NWT/Nunavut

Northern manufacturers took another hit in the NWT but recovered slightly in Nunavut in 2010.

Combined manufacturing sales for the NWT and Nunavut fell by 32 per cent in 2010, from \$21.2 million in 2009 to \$14.4 million last year, according to Statistics Canada.

Sales in 2009 fell by 53 per cent from 2008.

The value of manufacturing sales in the NWT shrank to \$9.4 million from \$16.4 million the previous year – a drop of 43 per cent.

It is not known how many diamonds were cut and polished in 2010.

According to the GNWT's 2010 economic review, the territory exports \$2 billion in diamonds to Europe every year.

There were 200 people employed by the manufacturing sector in 2010, according to the NWT Bureau of Statistics – the same number as in 2009 but down from 300 in 2008.

Secondary diamond industry

The territory's floundering secondary diamond industry was being propped up by one company in 2010.

The only cutting and polishing plant to operate was Crossworks Manufacturing.

The plant, a subsidiary of the HRA Group of Companies – a worldwide cutting and polishing company – has a staff of 11.

In 2009, the plant was named a "select diamantaire" by Rio Tinto, majority owner of the Diavik Diamond Mine.

Crossworks' allocation from Diavik is entirely cut and polished in Yellowknife. Previous allocations were handled both in Yellowknife and HRA's plant in Vietnam.

Similarly, all diamonds that Crossworks receives from De Beers Canada's Snap Lake mine are processed in Yellowknife.

In 2007, Yellowknife plants produced about 1.7 per cent, by value, of the \$1.75 billion worth of diamonds mined in the territory, and in 2006 close to three per cent, by value.

At its height, diamond manufacturing in the territory

accounted for more than 65 per cent of all manufacturing shipments.

But recent years have seen the demise of several other cutting and polishing plants.

The Laurelton Diamonds plant, owned and operated by Tiffany and Co., closed in February 2009, slashing 25 jobs from Yellowknife.

Later that year, Gary Barnett, a former New York City diamond trader and major real estate developer, partnered with diamond wholesaler Esskay Gems – also based in New York City – to purchase the plant.

The plant was not operational as of press time.

Arslanian Cutting Works issued layoffs to 35 employees in June 2009. While the plant briefly reopened later that same year, it remained closed as of press time.

The sister companies of Arslanian Cutting Works, which still owes the GNWT \$5.8 million, went into receivership in late 2010.

Around the same time, the GNWT released its updated Diamond Policy Framework. The new policy, which cost \$10,000 to rewrite, stated that the GNWT will no longer give out loan guarantees to diamond manufacturers.

In May, the ownership of the Arslanian plant, as well as its sister Polar Ice plant, reverted to the GNWT, which planned to issue a call for bids to potential new operators in the following two months.

Nunavut

Nunavut recorded \$5 million in manufacturing sales last year, up from \$4.8 million in 2009 and but still down from \$5.7 million in 2008.

The main players of Nunavut's manufacturing sector are the Nunavut Development Corp.'s subsidiary firms Ivalu Ltd., Jessie Oonark Ltd., Kiluk Ltd., Taluq Ltd. and Uqqurmiut Arts & Crafts.

Altogether, they posted net losses of \$79,033 in 2010, compared to net losses of \$181,005 in 2009.

Between them, those operations created 21 jobs last year.

Nunavut manufacturing relies largely on local arts and crafts production, like prints, tapestries and wool clothing, and generally employs people from local communities on a seasonal basis.

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