

Competition Bureau - Notice of Consultation

Diamonds and "Made in Canada" Representations

The designation of country of origin will be used by jewellery stores as a marketing tool. If it appears that there is an economic, or patriotic, or tourist, or 'non-conflict diamond' advantage to having a diamond designated as having been 'Made in Canada' the jewellery store will seek to use it. If however, for some reason being 'Made in Canada' becomes a liability, the jewellery store will cease to so designate the diamond.

The use of a qualification such as 'Made in Canada' may become extremely important if the public's concern over 'conflict diamonds' heightens. In this case, the problem that will be faced will concern the difficulty in proving that a diamond was indeed mined in Canada or some other non-conflict area and that it is not a diamond mined in a conflict area that has used 'Made in Canada or wherever' wrongly. The development of a workable certification system may help to ensure that diamonds are not wrongly labelled.

1. When should a diamond be deemed to "come into being"? Why?

It may be necessary to use two definitions for when a diamond comes into being and hence two qualifications would be used by the jewellery store to identify both the source of the diamond i) where the rough diamond was mined, and ii) where the rough diamond was cut and polished.

i) Rough diamond: This would refer to the point where the diamond is extracted. A rough diamond mined in Canada would be a Canadian mined diamond and could be qualified as 'Mined in Canada'. Similarly, a rough diamond that is mined in Australia or any other country whose provenance can be proven, could be qualified as 'Mined in Australia or wherever'. If there was no advantage in identifying a diamond as 'Mined in Australia or wherever', the jewellery store would probably not use this designation. If the 'conflict diamond' issue does heighten, it will be in the best interest of jewellery stores to identify the country of origin of a diamond if it can do so. If the location where a rough diamond is not known - as is the case for rough diamonds that have been mixed from a number of sources prior to sale the 'Mined in' qualification would not be able to be applied.

At the present time the international diamond trade, if it identifies the origin of a diamond, for the most part, notes only where it was mined.

ii) Polished diamond: For this the definition of a diamond under section D1.2 of the Diamond Guidelines would suffice. If the diamond was cut and polished in Canada its second qualifier could be something like 'Polished in Canada'. If it was known to have been cut and polished in Belgium or some other country it could be qualified as having been 'Polished in Belgium or wherever'. It appears that when a diamond is cut and / or polished in both an off-shore country as well as in Canada the 'Polished in Canada'

designation could be used if the majority of the cutting and polishing can be shown to have taken place in Canada.

Thus, a diamond that was mined in Canada and cut and polished in Canada could have the double designation 'Mined in Canada' and 'Polished in Canada'. A diamond that was mined in Canada but cut and polished in Belgium could have the double designation 'Mined in Canada' and 'Polished in Belgium'. If the diamond was mined in Canada but the location of the cutting and polishing was unknown the diamond could have just a single designation of 'Mined in Canada'.

Similarly, if a diamond was mined in a country whose provenance can be proven but was cut and polished in Canada the double qualifier of 'Mined in Australia' and 'Polished in Canada' could be used. If it was deemed by the jewellery store to be beneficial, from a selling point of view, to have been cut and polished in Canada (notwithstanding where it was mined) the store would use this designation. Thus, if the provenance of the diamond's origin cannot be proven and the diamond was cut and polished in Canada it would be qualified solely as 'Polished in Canada'.

It is important to use a designator such as 'Polished in Canada' rather than manufactured in Canada because of the various connotations that manufactured bring to mind. A diamond that is manufactured may be thought of as an artificial diamond, or as jewellery which is manufactured in Canada.

At the present time the international diamond industry rarely identifies where a diamond was cut and if it does so it will be in a nationalistic, buy local context eg. in Israel ads are sometimes run stating buy diamonds that have been locally cut in order to assist the local industry. This is the exception and not the rule and is not used outside the local boundaries.

2. What do consumers and trade buyers perceive the terms "Canadian diamond" and "Diamond of Canada" or equivalent Canadian typical symbols or words to mean?

The level of knowledge of the Canadian diamond industry appears to be greatest in the Northwest Territories (N.W.T.). There the consumer would probably perceive a 'Canadian diamond' as one that was 'Mined in Canada' and 'Polished in Canada'. This is a direct result of the fact that the BHP Diamond Inc. Ekati Mine is located in the N.W.T. and that there are two cutting factories located in Yellowknife.

Based upon conversations with a large number of Southern Canadians, I would conclude that generally they have little knowledge or understanding of the Canadian diamond industry. Many are totally surprised when told that there is a large successful diamond mine in the N.W.T. and that it does in fact produce gem quality diamonds and not industrial diamonds. Again, there is little awareness that there are cutting and polishing factories in Canada.

Those Southern Canadian consumers that are aware that there are 'Canadian diamond' would think of a 'Canadian diamond' as one that is cut and polished in Canada.

3. What are purchasers' expectations when they seek out a "Canadian diamond"? Are they looking for a diamond that is: (i) mined in Canada; (ii) mined, cut and polished in Canada; or (iii) cut and polished in Canada?

Based upon limited knowledge of Canadians who have specifically purchased 'Canadian diamonds' it appears that they sought a diamond that fit (ii) mined, cut and polished in Canada. This was viewed as an attempt to obtain something that was both unique and patriotic. The reason that they wanted a diamond that was mined, cut and polished in Canada (the N.W.T.) was to lessen the possibility that there had been a substitution of the diamond by the cutter since at that time they were aware that the cutting factory in the N.W.T. received its rough only from BHP.

4. Is it industry practice to refer to the origin of the diamond, gem or other stone as the place where it was mined? Provide details.

If the international diamond industry refers to the origins of a diamond, it refers exclusively to where it was mined and not to where it was cut (see above answer to question 1.). When reading about the industry it is apparent that publically the international diamond industry rarely mentions the origins of a diamond. The one exception to this is when referring to pink diamonds they are almost always designated as Australian - this is accepted because pink diamonds are only mined at the Argyle mine in Australia.

It is very common when visiting diamond fairs in Antwerp or Ramat Gan (Tel Aviv) to hear them say that they have a packet of diamonds which came from a country such as Canada or Russia or Namibia etc. However, once the diamonds have been cut they are no longer identified as being Canadian or Russian or Namibian.

The following is an example of how the international diamond cutting and polishing industry works. A diamond cutting and polishing company with headquarters in Antwerp has factories in Belgium, Israel, South Africa and China that all produce ideal cut diamonds. The supply of rough diamonds to these factories is varied and can come from De Beers, BHP Diamonds Inc., or other sources. When the company sells its cut and polished diamonds to jewellery manufacturers it mixes its production and sells only ideal cut diamonds. There is no mention of either where the rough was mined or where the cutting and polishing was done.

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