



*Regal Imports Ltd*

DIAMOND BROKERS

Information Centre  
Industry Canada  
Competition Bureau  
50 Victoria Street  
Hull, Quebec K1A 0C9

Attention: Johanne D'Auray, Deputy Commissioner of Competition  
Fair Business Practices Branch

RE: Consultation: Diamonds and "Made in Canada" representations

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

As a supplier of Canadian Diamonds mined in Canada and cut in Antwerp Belgium, I would like to point out the following inconsistencies in Section D1.2 of the "Diamond Guidelines". This section defines a diamond as "A naturally occurring monocrystalline pure carbon mineral in the Isometric crystal system which has been polished and fashioned for personal adornment or display and which possesses beauty, rarity, durability and value". This definition is insufficient and ineffective in that if the definition were correct then a diamond which has not been cut does not meet the standard and cannot be considered a diamond. This uncut object then must be considered something other than a diamond or perhaps it doesn't exist until it is cut.

The definition of a diamond set out in section D1.2 can be easily corrected by consulting any commonly used dictionary of the English language.

"**diamond** *n.* a crystalline form of nearly pure carbon and the hardest naturally occurring mineral, used as a gem and as an industrial abrasive."

*The Penguin Canadian Dictionary, Copyright 1990, Thomas M. Paikeday*

"**diamond** *n.* A naturally crystallized, nearly pure carbon; a piece of this substance, important to industry because it is the hardest substance known, used in rock drills, tools for cutting glass, and as an abrasive powder; a clear, flawless piece of this stone, valued as a precious gem of great refractive power, esp. after being cut and polished"

*The Canadian Living Webster Encyclopedic Dictionary of the English Language*

"**diamond** *n.* a pure or nearly pure form of carbon, naturally crystallized in the Isometric system, of extreme hardness"

*Webster's Encyclopedic Unabridged Dictionary of the English Language, Copyright 1996 by Gramercy Books.*



**“diamond n.** a pure or nearly pure, extremely hard form of carbon, naturally crystallized in the Isometric system.”

*Random House Compact Unabridged Dictionary*

**“diamond n.** a precious stone consisting of a clear and colourless crystalline form of pure carbon, the hardest naturally occurring substance”

*The New Oxford Dictionary of English, Copyright Oxford University Press 1998*

**“diamond n.** a highly prized gemstone, and the hardest of all minerals, consisting of carbon crystallized in the cubic system”

**“mineral n.** any of various classes of inorganic substances, esp solid, naturally occurring and crystalline in form; a substance obtained by mining”

*The Chambers Dictionary, copyright Chambers Harrap Publishers Ltd. 1993*

**“diamond n.** minerals hard colourless mineral . A transparent form of carbon that is the hardest known mineral, with many applications in cutting tools and abrasives. It is also the most highly prized gemstone”

**“mineral n.** inorganic substance in nature. An inorganic solid substance that occurs naturally in rocks and in the ground and has its own characteristic appearance and chemical composition. 2. Mined substance any naturally occurring substance that is mined or extracted from the ground.”

*World English Dictionary, copyright Bloomsbury Publishing plc 1999*

**“diamond n.** A mineral of great hardness and refractive power, consisting of carbon crystallized in the isometric system under great pressure and temperature. When pure it is a valuable gem with a beautiful display of prismatic colours, especially when cut”

**“mineral n.** A naturally occurring, homogeneous substance or material formed by inorganic processes and having a characteristic set of physical properties, a definite range of chemical composition and a molecular structure usually expressed in crystalline forms.”

*Funk & Wagnalls comprehensive Standard International Dictionary, copyright 1973 by Funk & Wagnalls Inc.*

Not one of these accurate definitions of a diamond relies upon cut as a defining factor. Another important and consistent part of each of these definitions is that a diamond is a mineral and all minerals are naturally occurring. They come into being in nature. The cutting of a diamond does not change the diamond into a new and identifiable product, it still remains a diamond as defined by any dictionary of the English language. The concept of a new and identifiable final product must mean in this circumstance that after a form of production a diamond is no longer a diamond but has become something else.

An accurate description of a diamond insists upon the fact that a diamond comes into being in nature. There is no other option. The 51% of direct labour/or material is given in that the cutting of a diamond is a small percentage of its overall value. Jewellery terminology which defines a gem as being a product of the country where it has been mined is consistent with a correct definition of a diamond. Industry Canada must amend the oversight that has occurred in its “Diamond Guidelines”



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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?

Regal Imports Ltd. is a diamond supplier exclusive to western Canada. At the Alberta Jewellery Show, (Aug. 18-20, 2000 – the only western Canadian Jewellery show) I had the opportunity to speak to 110 jewellery store owners. Not one of these companies was of the opinion that a Canadian Diamond should necessarily be cut in Canada. (I also researched this opinion before I began to purchase diamonds from B.H.P.) Without exception they agreed with the standard terminology of the jewellery industry that a Canadian diamond is a diamond mined in Canada. A list of the 110 retail establishments can be provided upon request. This unanimous opinion must also be the opinion of the public for where else would the public derive its opinions except from their diamond purveyors.

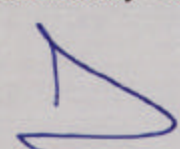
3. What are purchasers' expectations when they seek out "Canadian diamond"? Are they looking for a diamond that is: (i) mined in Canada; (ii) mined, cut and polished in Canada; or (iii) cut and polished in Canada.

All aspects of the four questions provided by Industry Canada rely in part upon proper definition of a diamond. Consumers are not usually familiar with the process of cutting a diamond. The consumer knows that diamonds are mined in Canada and when making a purchase they would expect the diamond to come from a Canadian mine and be assured of its origin. The public conception would not normally go beyond this point because there is no mention in any media of the cutting process, only the mining industry. The cutting issue is simply an issue for the North West Territories and its new manufacturers, who have their own vested interests at stake. The issue concerning cut has never in the past conflicted with origin. This concept is the result of the marketing techniques specific to the private interests of the North West Territories.

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

I have discussed standard jewellery practices in a previous letter to Industry Canada. I enclose a copy for your reference.

Yours truly,

  
M. Moss, President  
Regal Imports Ltd.



*Regal Imports Ltd*

DIAMOND BROKERS

June 5, 2000

Marcie Girouard  
Industry Canada  
Competition Bureau  
Place du Portage I  
50 Victoria Street  
Hull, Québec  
K1A 0C9

Dear Ms. Girouard:

Re: Letter May 24, 2000

Man does not make a diamond. When a diamond comes into being it comes into being in nature. Diamonds are formed under pressure in the earth over hundreds of thousands of years. A diamond does not come into being when it is cut, it already exists. Cutting does not change the composition or the chemical structure of a diamond. A cutter does not make a diamond, he only finishes it.

Cutting can not change the country of origin of a diamond. During the years of 'Apartheid' in South Africa, a South African diamond remained South African no matter where it was cut. Today, an Angolan diamond does not become a Belgian diamond when it is cut in Belgium. The world is taking great pains to establish the origin of a diamond to help stop sales from politically troubled areas.

Pink diamonds are mined in Australia and cut all over the world, they are identified as Australian and from the Argyle mine. The point of origin remains no matter where the diamond is cut. This is a standard terminology which is an accepted part of the jewellery trade throughout the world. This is the reason why 'Jewellers Vigilance Canada' are confident in their definition.

"As far as Jewellers Vigilance Canada is concerned a Canadian diamond is one that has been mined in Canada. To clarify further, the rough diamond has come from Canada but, may be cut and polished elsewhere, or, in fact here in Canada"

Coloured stones in particular are identified by country of origin no matter where they are cut. Burmese ruby, Ceylon sapphire, Brazilian emerald, Colombia emerald, Australian opal and even B.C. jade are but a few examples of a standard terminology in

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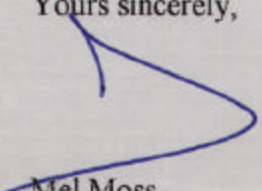
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the jewellery industry. To take this to the extreme even man made gems are identified by the process by which they are made not by the place where they are finished. Linde sapphire and Chatham emerald are examples of this.

A diamond is not manufactured. When a piece of wood is made into a chair it becomes a chair not a piece of wood. When a diamond is polished it remains a diamond. A Canadian diamond sold by Regal Imports Ltd. meets the criteria of well over 51% of labour and material occurring in Canada. The finish or polish of a diamond is a small fraction of its overall value.

The cutting industry in Canada is about one year old. By definition this industry consists of so few cutters that it can hardly be called an 'industry'. A diamond polished outside of Canada does not take work away from Canadians as the few polishers that are here have enough difficulty turning out a good product for their own use. It is my opinion that this complaint presented to Regal Imports Ltd. is an attempt to secure a temporary monopoly by one company to use the term 'Canadian diamond'. It is the mandate of the Competition Bureau of Industry Canada to insure fair competition in this area.

Yours sincerely,

  
Mel Moss  
President  
Regal Imports Ltd.

cc: Jewellers Vigilance Canada Inc.