

Hallmarking and the Mutual Recognition Regulation Proposal

I am Dr Robert Organ, Chief Executive Officer of Assay Office London. London is also the Secretariat of the Association of European Assay Offices which has members in the EU, and observers from outside the EU, representing 37 states. Assay offices are responsible for hallmarking, A hallmark is a mark applied to precious metals by an independent, third party body to verify that the precious metal content is actually what the manufacturer or importer claims it to be. The term 'hallmark' derives from the English 'marked at Goldsmiths' Hall' where Assay Office London has been operating for 700 years. Hallmarking is the oldest form of consumer protection.

Mutual recognition lies at the heart of modern hallmarking and has been practiced by assay offices in the EU and beyond under a legal interstate framework since 1972. With 35 years experience, the assay offices are concerned that the current mutual recognition proposal does not go far enough to protect the consumer and trade in precious metals.

The Vienna International Convention on the Control and Marking of Precious Metal Articles was an agreement between certain hallmarking states (note states not assay offices) signed in 1972 and now comprises of 18 states. Precious metal articles hallmarked in one signatory state with the Common Control Mark of the Vienna Convention are given free access to any other signatory state. Last year, 18 million articles were marked with the Common Control Mark.

Mutual recognition was extended further in 1995, when the European Court of Justice ruled in the Houtwipper Judgement that EU hallmarking states must accept hallmarked precious metal articles from other EU hallmarking states, provided that the marks were equivalent and intelligible. In effect this is the Vienna Convention without parliamentary ratification.

The key feature of the current arrangements is that, even though EU states have compulsory, voluntary or no hallmarking systems, all articles must compete on level technical terms with those produced in the receiving state; certified goods do not compete with uncertified goods. Precious metals are expensive and usually constitute the majority of the cost of the article; reducing the content gives an unfair price advantage. When non-conforming goods are detected, they are immediately removed from the market so that legal trade can prosper.

The assay offices concern about the current proposal is that technical standards will revert to those for states operating with the lowest such standards, increasing the

propensity of under carating. Also, the 20 day ruling appears to allow non-conforming product to continue to be sold as it cannot be removed immediately. There would be a serious loss of confidence in the trade of precious metals, a reduction in consumer protection and an increase in the bureaucracy and costs of enforcement. Jobs would almost certainly be lost at assay offices.

In conclusion, the systems currently in place in hallmarking states exceed the requirements of this proposal. We seek exemption, not from mutual recognition, but from this proposal, which dilutes what has been in practice for 35 years, and provides charlatans with a golden opportunity to destabilize fair trade in precious metal articles. With the majority of jewellery items now imported from outside the EU, the need to retain the current arrangements cannot be more timely.

Exemption is appropriate because the current mutual recognition arrangements overcome the four issues cited in the Explanatory Note as hampering the principle of mutual recognition:

1. Awareness of mutual recognition is good as notices are usually provided at the point of retail.
2. The scope of articles mutual recognition applies to is well defined - after all hallmarking has been around for 700 years.
3. Free access is legally required.
4. The national competent authorities meet at least once per annum.

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Systems of Hallmarking in European Union

Compulsory Hallmarking	Voluntary Hallmarking	No Hallmarking
Bulgaria	Austria	Belgium
Cyprus	Denmark	Germany
Czech Republic	Finland	Greece
Estonia	Malta	Italy
France	Sweden	Luxemburg
Hungary	Romania	
Ireland	Slovenia	
Latvia		
Lithuania		
Netherlands		
Poland		
Portugal		
Slovakia		
Spain		
UK		

Member Countries of the Convention	Countries Represented at the AEO	
Austria	Austria	Malaysia
Cyprus	Bahrain	Malta
Czech Republic	Canada	Netherlands
Denmark	China	Norway
Finland	Croatia	Poland
Hungary	Cyprus	Portugal
Ireland	Czech Republic	Romania
Latvia	Denmark	Serbia
Lithuania	Estonia	Serbia
Netherlands	Finland	Slovenia
Norway	France	Spain
Poland	Germany	Sri-Lanka
Portugal	Hungary	Sweden
Slovakia	India	Switzerland
Sweden	Ireland	United Kingdom
Switzerland	Israel	Ukraine
Ukraine - Soon	Italy	United Arab Emirates
United Kingdom	Latvia	Uzbekistan
	Lithuania	