



BRITISH HALLMARKING COUNCIL

HALLMARKING WITHIN THE EUROPEAN UNION

The British Hallmarking Council's policy towards hallmarking, bearing in mind its statutory responsibilities, is based first and foremost on the need to continue to ensure a high level of consumer protection. It also rests on a number of considerations:

- Whilst the primary justification for hallmarking remains the protection it affords to the **consumer**, the manufacturer, retailer and others in the distribution chain generally welcome the confidence and protection it gives them;
- The desirability of achieving a "single market" within the EU;
- Whilst there is a theoretical argument for letting the "market" decide, ie the customer making an informed choice under the guidance of the retailer, the information provided (through differential marking of the articles for sale) would be complex, confusing and impracticable, not least in the light of current Commission thinking. A controlled, workable and enforceable, and as simple as possible regime is required;
- Many retailers actively welcome hallmarking (as currently practised) as a "marketing tool", with a potential benefit for the health of the industry, and consumers value it for the information it provides and for its decorative effect.

Policy Options

The BHC believes that in order to achieve a combination of a high level of consumer protection and a "level playing field" for all sizes of business it is preferable - and possibly essential - to continue, or as appropriate to require, the practice of hallmarking by independent, third parties. This can be brought about within the EU by pursuing what has come to be called the "mutual recognition" route (post Houtwipper) or by extending the acceptance of the Vienna Convention on the Control and Marking of Precious Metals. This is the same conclusion as reached by the British Hallmarking Council when it last fully debated the matter two or three years ago.

The Vienna Convention/"Mutual recognition" (post Houtwipper)

Both these routes to a single market are operational and have demonstrated their value, particularly the Convention with eight of its hallmarking members from the EU.



Both rely on agreed, common standards and through independent marking ensure the high level of protection desired. "Mutual recognition" would benefit from greater simplicity and, which would help in this regard, from the introduction of a "common identification mark". The fact that the Convention is not a creature of the EU should not deter Ministers and Commissioners from pursuing it.

Non-independent marking countries, such as Germany and Italy, already make use of Assay Offices outside their territories to take advantage of Convention marking, and it is open to those countries to continue the practice or to establish their own "assay offices" in order to make the already majority single market complete.

The Draft Directive

With its stated first preference for third party marking, it follows that if a draft Directive was again brought forward the BHC would accept one which contained only **Annex IV** - marking by an independent body.

However, the BHC considers that a Directive containing **Annex II** - manufacturers' marking with independently monitored certification procedures - in addition to Annex IV would also be acceptable, provided that:

- common and demanding Certification procedures, applying both to processes and products, backed by rigorous, independent monitoring, were established, thus ensuring that:
- articles marked under Annex II gave the same level of confidence and protection as those under Annex IV;
- a "common identification mark" (not to be confused with a date letter) was required; and
- the traditional hallmark of an Assay Office - as a "notified body" - was permitted for articles marked under Annex IV.

With the above provisos, the need for market place surveillance by Trading Standards Officers should be little if any higher than at present, therefore requiring no increase in resources.

The BHC believes that manufacturers' marking under **Annex III** is not acceptable. To achieve a high level of protection would require levels of monitoring and policing, combined with draconian penalties, which EU states could not or would not be prepared to afford or implement, and/or which would fall short of the required standards. It would be impossible to ensure consistency of enforcement throughout the Community. The BHC believes that neither reputable manufacturers and retailers nor the consumer would have confidence in any regime under Annex III.



The Council has not carried out, nor is it aware of, any comparative cost benefit analyses. However, it thinks that it may be demonstrable that the cost, falling most likely to the tax-payer, of ensuring the degree of surveillance, particularly at retail level, necessary to achieve comparable consumer protection to the present may be greater than any savings achieved by manufacturers through the substitution of their own marking for that of third parties.

Note: With its statutory responsibilities towards the provision of adequate facilities for (independent) hallmarking in the UK, the BHC notes that the introduction of a regime under Annex II (or III) would inevitably reduce the workloads of the UK Assay Offices, with a detrimental effect on employment and, possibly, an undermining of their viability and a reduction in their number.

ACB
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