

Gold Percentages

In our discussion, 14K is used as an example, but the points made apply to all gold and other precious metals. We suggest that the United States should adopt the parts per thousand quality mark and minimum gold content that matches that used in other countries with absolute minimums, i.e. 585, minus nothing. The current Plumb Gold statute allows a .003 tolerance below plumb—58.03% vs. 58.33%. If the regulating rules required 58.5% gold there would be a level playing field. Being on a 585 standard has not harmed the jewelry industry in other countries as far as we can tell. The difference in gold cost is small. It is more difficult to explain to a consumer that even though 14K is $14/24 = 58.333\%$ it is permissible, in current circumstances, to short them 3 tenths of a percent. Explaining that it is legal does nothing to make them feel they got a good deal.

The current standard allowing a .003 tolerance below plumb can no longer be justified technically. We have plumb gold solders as well as laser and other welding equipment that allow items to be fabricated without lowering the karat. What other industry is permitted to give their customers less than full measure? The implication of this is that, in order to be competitive in the retail market place, makers must control their production to the lowest legal standard. This affects the small manufacturer and the designer goldsmith (who make one---of---kind, bespoke pieces and who might like to give their customers full measure in terms of gold content) because large users demand the lowest possible price, which forces manufacturers to produce to the lowest legal standard, making it very difficult to find all the component parts they need (such as mass---produced chain and findings) that are plumb.

Under the current FTC rules, U.S. makers in general are disadvantaged because they must maintain two inventories in order to be competitive in the U.S. and also sell their goods to buyers in other countries, where 585 is already the minimum required, and it is not economical to make and stock two 14K qualities. Having to do so is particularly damaging to small designer craftsmen who market using the Internet and can reach potential customers around the world but have difficulty buying components that can be legally imported by customers abroad. Here in the U.S., the consumer would not be damaged by U.S. rules that conform to global standards because a) these rules provide assurance that consumers are getting what they pay for and b) the difference between 58.3% and 58.5% is only a few cents per gram. We would like to point out that many countries now adhere to the 585 standard and doing so has not adversely affected sellers or consumers.

The U.S. should adopt rules that give consumers full measure and allow U.S. jewelry makers to compete globally without having to bear the burden of inventory duplication. Ultimately, economies of scale can be passed on to consumers and, as we all acknowledge, unnecessary cost burdens already get passed onto the consumer. Any rules that are adopted must be forward---looking and, in this case, that means recognizing that we are increasingly dealing in an international market place. Therefore, for all the reasons stated above, the U.S. should adopt what is fast becoming a global standard for gold content: a minimum gold content of 58.5% (for 14K). Makers should have the option of using a “14K” or a “585” mark, but the 14K

mark should come to guarantee a minimum of 58.5% fine gold content. This would require a phase-in period and a grandfathered inventory clause.

Made In America

A special provision should be made for custom bespoke jewelry items. In the context of mass-produced products, the proposed rules may be acceptable but we don't think they are fair to a designer craftsperson (goldsmith) who designs, fabricates, sets the stones and finishes the object. If an item of precious metal jewelry or other art is conceived, designed, fabricated and finished in America how is it not made in America? The relationship of the cost of their labor relative to the market price of metals and gemstones should not cause them to be required to market their product as being less than made in the USA (as if anyone could just go buy the parts and assemble the same object). We feel this is a terrible injustice because it discounts the creativity, artistry and craftsmanship that made the piece possible. Imagine a painter having to market an oil painting as "assembled" in the USA because the paint was made in France and the canvas was woven in India. Is a goldsmith less an artist because his paint is gemstones and canvas is gold?