

# 70 Years of Fachvereinigung Edelmetalle

INTERVIEW WITH WILFRIED HELD, FORMER MANAGING DIRECTOR OF FACHVEREINIGUNG EDELMETALLE, PFORZHEIM, GERMANY

The German precious metals federation, Fachvereinigung Edelmetalle, celebrated its 70<sup>th</sup> birthday on 25 November 2018. Aelred Connelly caught up with its former Managing Director, Wilfried Held, to ask him about its history and his career.

## HOW AND WHY WAS FACHVEREINIGUNG EDELMETALLE SET UP?

After World War II, Europe, and especially Germany, had to recover and to establish political and economic stability by introducing market economy principles. In a market economy, the know-how and experience of the industry are indispensable. At that time, the different industry branches started to organise themselves. Most well-known associations were founded at this time – the second half of the 1940s. Fachvereinigung Edelmetalle was founded in 1948. Since then, this association has represented the interests of the producers and manufacturers of precious metals vis-à-vis the Federal Government, the Parliament, and national or international organisations. Its objectives are to study all problems faced by the industry, for example, in the fields of environmental, trade and raw materials policy.

## WHAT IS ITS ROLE AND HAS THIS CHANGED OVER THE YEARS?

Fachvereinigung Edelmetalle represents the economic interests of its member companies vis-à-vis the authorities and the public. Its expertise is highly appreciated by all stakeholders.

Since 2006, Fachvereinigung has been a member of the German Jewellery and Watches Federation in Pforzheim and, therefore, has been represented by the German Industry Federation BDI in Berlin. The European Union is still of growing importance regarding industry regulations and politics. The vast majority of all regulations affecting this industry originate in Brussels. Thus, Fachvereinigung is also a founding member of the European Precious Metals Federation (EPMF) in Brussels. This federation represents the industry vis-à-vis the European Commission and other international stakeholders. It was a great honour for me to run this federation as President from 2014 until 2018.

## HAS IT CHANGED IN SIZE?

Today, Fachvereinigung has 35 members, ranging from producers and manufacturers to traders, banks and associations. Seventy years ago, 3,000 employees worked in its member companies, but there are now over 6,000. For many years, the Fachvereinigung offices were located in Düsseldorf, but in 2006, it relocated to Pforzheim, known as the 'Goldstadt' (gold city).

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## WHAT ROLE HAVE PRECIOUS METALS PLAYED IN THE LAST 70 YEARS?

Increasingly, precious metals have become part of our everyday life. Our modern and technological society would not operate without precious metals: there would be no computers, no smart-phones, no GPS, no medical devices. In the course of the last 70 years, precious metals have played an ever important role in the watch and jewellery industries as well as in investment products. Societies are evolving constantly, economically, socially and technologically. Fachvereinigung Edelmetalle has had to adjust to these ever growing challenges as well as an ever changing political landscape.

## WHAT WAS IT LIKE IN GERMANY AT THE TIME THAT FACHVEREINIGUNG WAS FOUNDED?

At the time, the Federal Republic of Germany did not exist, either as a German Federal Government never mind as part of a wider European project. At the time, all efforts were focused on rebuilding the manufacturing sectors in Germany and in Europe that had survived World War II. The growing precious metals industry encountered difficulties with the supply of raw materials, particularly because until 1954 precious metals had been allocated exclusively for technical, medical and scientific use.

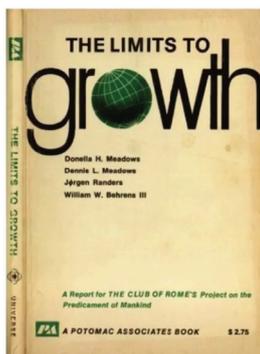
## WHAT DID THE POLITICAL LANDSCAPE LOOK LIKE THEN?

The precious metals industry embraced the economic theories and thoughts of the first Minister of Economics in Germany, Ludwig Erhard, who published a book entitled *Welfare for Everybody*. It expressed the idea at that time that economic welfare should guarantee political stability in Europe. The foundation of the European Economic Community (EEC) in 1957 was a milestone towards increased prosperity and stability. Even then, the European countries had been important customers of precious metals products. The EEC was the beginning of an exceptional success story particularly in terms of delivering peace in Europe.

After having created the basis of a well-functioning economy – supplied with raw materials and benefiting from free trade – new challenges arose in the 1960s and 1970s. This was the result of new economic structures. The emphasis began to shift away from economic policies towards those which were more socially responsible.

## AFTER THE WAR RESOURCES WOULD PRESUMABLY HAVE BEEN EXPENSIVE AND SCARCE. HOW DID FACHVEREINIGUNG COPE, PARTICULARLY IN ITS INFANCY?

Except for the supply problems after the end of World War II, raw materials had never been an issue: raw materials were considered to be available in unlimited



supply. But this assumption was challenged in 1972 when the study, *The Limits to Growth*, commissioned by the Club of Rome, was published. The study argued that exponential economic and population growth was limited by a finite supply of global resources.

## HOW DID THIS STUDY AND SUBSEQUENT DEBATE IMPACT THE PRECIOUS METALS INDUSTRY IN GERMANY?

Today, environmental policy and attitudes towards raw materials have one common goal: to protect the planet's finite resources. To achieve this, the precious metals industry serves as a shining example. The industry had been implementing a circular economy long before others learned to understand the word 'recycling'. Precious metals refineries all over the world are specialised to produce new products out of the recycling of scrap containing precious metals. Today, scrap accounts for around 50% of total worldwide supply. This is a real contribution to the environment.

## FACHVEREINIGUNG HAS UNDERTAKEN A LOT OF WORK IN TERMS OF ENVIRONMENTAL AWARENESS ISSUES. COULD YOU EXPLAIN A BIT MORE ABOUT WHAT YOU HAVE DONE?

In the 1970s, environmental awareness became an increasingly important concern. At that time, only a few people probably had any idea about the future importance of environmental and health and safety issues. However, within the precious metals industry, companies and their federations had these issues at the top of their agenda. The organisation of the companies evolved to deal with these growing concerns. From an early stage, the precious metals industry had been thinking about sound environmental management.

## WHAT ARE THE CURRENT CHALLENGES FACING THE INDUSTRY?

Lately, some more social and compliance topics have been given priority. Today, ethical behaviour in an exemplary manner is a precondition for every company to survive in a competitive market. Any violation of ethical principles will be published in an instant on the Internet. Everybody can imagine that this will have serious consequences for the company regarding its reputation in the market. In 2012, Fachvereinigung Edelmetalle drafted binding rules in a Code of Conduct to encourage all its members to comply with the principles of ethical responsibility in daily business. Parts of

this Code of Conduct cover the fight against money laundering and VAT fraud, against violation of human rights and discrimination, and against exploitation regarding the supply of raw materials.

## HOW IS FACHVEREINIGUNG EQUIPPED TO DEAL WITH THESE CHALLENGES?

Over the last 70 years, Fachvereinigung Edelmetalle has always been an open-minded association in respect of adopting best practice and tackling new challenges.

We have undertaken this task with limited changes to the composition of our Board Members and Managing Directors: only 12 Chairmen and five Managing Directors have run the federation since its inception. This demonstrates stability and that people who have something to do with precious metals remain true to these shiny materials throughout their whole professional careers. This is certainly true of myself.

## IS STABILITY ALWAYS A GOOD THING?

At least in the world of associations, I think yes! The members of a federation very often find it important to have contacts working there for many years, for example, regarding the handling of confidential information. And even politicians or employees of other associations find it useful to deal with people who they are acquainted with on a fairly long-term basis.

## YOU HAVE A WIDE CROSS-SECTION OF MEMBERS. HOW DOES FACHVEREINIGUNG JUGGLE THE CONFLICTING REQUIREMENTS OF THEM?

Though a wide range of companies from small to big are members of Fachvereinigung Edelmetalle, their requirements are more or less the same. So we don't have considerable conflicting areas within our federation. And if a problem should come up, we always find a compromise that is acceptable to everybody.

## WHAT IMPACT, IF ANY, WILL THE UK LEAVING THE EUROPEAN UNION HAVE ON THE GERMAN PRECIOUS METALS MARKETS?

There might be an impact on taxes, tariffs and payment transactions. We are afraid of more bureaucracy regarding imports and exports, and rising costs. Maybe, we have to expect regulations in the field of handling dangerous substances that could be more complex than those we have today. Another question that arises is how UK companies themselves will be affected by Brexit, bearing in mind that trade regulations vis-à-vis EU might be similar to those of third countries.



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**IS NSFR A MAJOR ISSUE FOR THE GERMAN PRECIOUS METALS INDUSTRY?**

The discussions about the Net Stable Funding Ratio (NSFR) are very important to the German precious metals industry. Together with LBMA, we have made great efforts to convince the national governments, the Commission and the European Parliament to make an exception for the precious metals industry from a ratio of 85% under the NSFR regime. We were proud of a compromise solution of 50%, but at the last minute, the policymakers preferred to stick to the original 85% proposal. Now, the European Banking Authority will be working on a study about the functioning of the precious metals markets within the next two years. Let us hope that the outcome will be the starting point of further discussions regarding an exception for our precious metals.

**IF WE COULD NOW TALK A LITTLE ABOUT YOU. YOU RECENTLY ANNOUNCED YOUR RETIREMENT. DID YOU SPEND ALL OF YOUR CAREER AT FACHVEREINIGUNG?**

I studied economics. Right from the beginning of my professional career, I have worked in federations. To begin with, I worked for three years at the German newspaper editors association and, then in 1984, I started to explore the world of the non-ferrous metals as advisor for economic policy in the German non-ferrous metals federation in Düsseldorf. At the time, the Managing Director of this association explained to me: "If you really want to join the non-ferrous metals and precious metals industry, there will be two options: you will leave this industry within three days, or you will stay there for the rest of your life!" I have now worked in this industry for more than 25 years, and it's still a fascinating job. In 1994, I became Managing Director of Fachvereinigung Edelmetalle, which was a former member of the non-ferrous metals federation (Wirtschaftsvereinigung Metalle).

**WHAT ATTRACTED YOU TO THE PRECIOUS METALS MARKET?**

I learned from my activities in the non-ferrous metals industry that precious metals are very special metals with a fascinating history, interesting markets and products that are indispensable for our modern lifestyle. So when the opportunity arose, I was very proud to become a part of this brilliant industry.

**WHAT WAS THE HIGHLIGHT OF YOUR CAREER?**

When you are working in an industry like ours, you can look back to many different highlights. I think the successful reorganisation of Fachvereinigung Edelmetalle with the relocation to Pforzheim in 2006 is a particular highlight and still has an impact today. Another highlight for sure was the founding of the European Precious Metals Federation in Brussels in 2009. Fachvereinigung Edelmetalle was one of the founding members, and I had the honour to run this federation as President at that time.

**WHAT ARE YOUR PLANS NOW THAT YOU HAVE RETIRED?**

In the first place, to spend more time with my family, who very often knew my face only from photographs or only heard my voice in telephone calls. But when you have been working in an industry like precious metals for 25 years, you never stop being interested in the industry and in the people working for it. So I will continue to read the *Alchemist* which for me is one of the most important information sources about the wide range of precious metals topics. Furthermore, I hope to devote much more time to my favourite hobbies: English literature and playing tennis!



**Wilfried Held holds a degree in economics from the universities of Wuppertal and Duisburg.** He started his professional career in a newspaper association before he devoted himself in 1984 to the world of non-ferrous metals. From 1994 until December 2018 he was Managing Director of the German Precious Metals Federation, the Fachvereinigung Edelmetalle in Pforzheim. From 2006 until June 2018 he was a member of the Board of the European Precious Metals Federation in Brussels, acting as President from 2014. He retired in December 2018, although he is still available as advisor to the Fachvereinigung Edelmetalle.