

**Interview:** Irena Moro, Director, Moro & Kunst Company

# Countries with the highest gold reserves present a plan for repatriating gold

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*Moro & Kunst Ltd, founded in 1993, is one of the leading bullion traders with a strong business presence in the major precious metals markets of Germany, Switzerland, Croatia, Austria and Slovenia. As pointed out by the company's Director, Irena Moro, to trade gold internationally certain conditions need to be considered and also, gold coins should be considered as an investment.*

**Q** You represent nine of the world's leading mints, among them the Swiss Mint, Argor Heraeus and the Austrian Mint. What are the criteria that are taken into consideration when deciding about the types of investment in gold and other precious metals which you trade?

**A** We first started bullion trading in Slovenia in 2005, a year after Slovenia became an EU member and started operating under the European legislation for gold bullion trading. Under this legislation, gold bullion is exempt from VAT or any other taxation and therefore more attractive for investors.

We have selected fine gold bars with the highest liquidity for Slovenian investors. **Argor Heraeus** is recognised as a "Good Delivery" producer and one of the five referees for the control of quality standards of the LBMA Good Delivery members. When choosing the **Austrian Mint** we considered also the history. Throughout the era of the Austro-Hungarian Empire, many workers received their payment in florin-denominated gold coins and people traded in crowns and ducats. These gold coins are considered as one of the best choices when investing in gold as they don't have any numismatic value and the spread is also very low. For the last 27 years, the Austrian Mint has been minting the only bullion coins denominated in euros, the **Vienna Philharmonic gold coins**. Argor Heraeus from Switzerland mints gold bars for the Austrian Mint, therefore gold bars of the Austrian Mint also enjoy Good Delivery certification, which many of the investors are not aware of. We are also the official representative partner for collector coins minted by the Austrian Mint in Slovenia and Croatia.

**Q** For trading a given market, gold bars must comply with certain standards which are known as the "London Good Delivery" standard. What are the guarantees of this standard and why London?

**A** The LBMA is an international trade association which represents the London market for gold and silver bullion and includes some of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. The Association sets refining standards, prepares trading documentation and establishes important trading practices. In 1750, the Bank of England set up the Good Delivery List which identifies the refiners of gold and silver whose large bars were found to meet the required standard when originally tested. Today, the LBMA own and manage the Good Delivery Lists for both gold and silver. The global bullion trade is based in London and the LBMA is the organisation which sets trading standards globally, known as "Responsible Gold Guidance". Moro has also had an important role in preparing the guidance, meaning that Moro strictly and responsibly follows the practices in accordance with the LBMA's Responsible Gold Guidance, which aims to prevent money laundering. These standards and guidelines guarantee that the investor can buy or sell gold bullion anytime and anywhere at the spot price. Investors can also use Good Delivery gold bars as collateral for bank loans.

**Q** When is a coin an "investment coin" and which are the most liquid gold coins in the world?

**A** At the beginning of December every year, the European Commission (EC) publishes a list of gold coins, issued by different countries.



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Some countries don't send their annual reports to the EC and so dealers and banks must follow the legislation of the individual EU Member State as the EU is a common free market. The terms for all gold coins are the same, which requires that the coins:

- are 0.900 fine or more;
- minted after 1800;
- are (or were) legal tender in the country of origin;
- are usually sold at a price that does not exceed 80% of the market value of gold.

**Q** At the beginning of the year we observed an upward trend in the gold price and forecasts predict the trend will continue. Even the global banks (particularly in Russia and China) are increasing their gold reserves. What is your assessment of the gold market in 2016 and what factors will influence this?

**A** The World Gold Council reports that China and Russia are constantly increasing their gold reserves but, in my opinion, it is unrealistic to expect that these two countries will report their actual purchases and holdings.

What seems very important to me is that European countries with the highest gold reserves in the world, that is Germany (2), Italy (4) and France (5), presented a plan on how to repatriate gold at this year's LBMA conference in Vienna. These countries have some of their gold reserves stored in countries including the USA, Great Britain and Switzerland.

**Q** Moro is also part of the eminent society - the World Gold Council (WGC). What is the basic mission of WGC and what conditions need to be met to join?

**A** The WGC is the market development organisation for the gold industry. They provide insight into the international gold markets and set the Conflict Free Gold Standard. The World Gold Council's 18 members are some of the world's most forward-thinking gold mining companies. Moro consistently cooperates with WGC as well as with LBMA from London. Currently, we are the biggest precious metals trading company in the region. ◀