## **GOLD**

(Data in metric tons<sup>1</sup> of gold content, unless otherwise noted)

<u>Domestic Production and Use</u>: Gold was produced at about 52 major lode mines, a dozen or more large placer mines (nearly all in Alaska), and numerous smaller placer mines (mostly in Alaska and in the Western States). In addition, a small amount of domestic gold was recovered as a byproduct of processing base metals, chiefly copper. Thirty mines yielded more than 99% of the gold produced in the United States. In 2002, the value of mine production was more than \$2.9 billion. Commercial-grade refined gold came from about two dozen producers. A few dozen companies, out of several thousand companies and artisans, dominated the fabrication of gold into commercial products. U.S. jewelry manufacturing was heavily concentrated in the New York, NY, and Providence, RI; areas with lesser concentrations include California, Florida, and Texas. Estimated uses were: jewelry and arts, 85%; dental, 10%; and electrical and electronics, 5%.

<u>1998</u>	<u> 1999</u>	<u>2000</u>	<u>2001</u>	2002 <sup>e</sup>
366	341	353	335	300
277	265	197	191	180
163	143	82	83	85
278	221	223	193	125
522	523	547	489	165
219	245	183	179	170
8,130	8,170	8,140	8,120	8,140
295	280	280	272	305
13,400	10,300	10,400	9,500	9,000
Е	E	Е	Е	Е
	366 277 163 278 522 219 8,130 295 13,400	366 341  277 265 163 143 278 221 522 523 219 245 8,130 8,170 295 280 13,400 10,300	366 341 353  277 265 197 163 143 82 278 221 223 522 523 547 219 245 183 8,130 8,170 8,140 295 280 280 13,400 10,300 10,400	366     341     353     335       277     265     197     191       163     143     82     83       278     221     223     193       522     523     547     489       219     245     183     179       8,130     8,170     8,140     8,120       295     280     280     272       13,400     10,300     10,400     9,500

Recycling: 85 metric tons of new and old scrap, equal to 50% of reported consumption, was recycled in 2002.

Import Sources (1998-2001):<sup>2</sup> Canada, 46%; Brazil, 14%; Peru, 8%; Australia, 7%; and other, 25%.

**Tariff**: Most imports of unwrought gold, including bullion and doré, enter duty free.

**Depletion Allowance:** 15% (Domestic), 14% (Foreign).

<u>Government Stockpile</u>: The U.S. Department of the Treasury maintains stocks of gold (see salient statistics above) and the U.S. Department of Defense administers a Government-wide secondary precious metals recovery program.

Events, Trends, and Issues: Domestic gold mine production in 2002 was estimated at about 10% less than the level of 2001, but high enough to maintain the United States' position as the world's second largest gold-producing nation, after South Africa. Domestic output continued to be dominated by Nevada, where combined production accounted for more than 75% of the U.S. total. Between July 2001 and August 2002, four gold mines were closed in the United States. During this 12-month period, the average output per mine remained about the same, companies merged, and the size of gold mining operations increased. Companies were beginning to have difficulties in successfully replacing annual production with new reserves. Estimates by an industry association indicate that worldwide gold exploration expenditures decreased for the fifth consecutive year, with 1997 marking the peak of exploration spending for the 1990s. The expenditures of U.S. gold producers continued to fall, but at a lesser rate than in 2001 owing to the recovering gold price.

## **GOLD**

During the first 9 months of 2002, the Englehard Corporation's daily price of gold ranged from a low of about \$279 per troy ounce in January to a high of almost \$331 in June. For most of the year, this price range was above \$300. After terrorists attacked the United States in September 2001, the traditional role of gold as a store of value was able to lift the price of gold out of its low trading range. In 2002, the Swiss National Bank continued selling 1,300 tons of gold (one-half its reserves). Concerns about terrorism, war in the Middle East, and weaknesses in the U.S. dollar, prompted increases in gold prices, which averaged over \$300 during the year.

<u>World Mine Production, Reserves, and Reserve Base</u>: Estimated reserves for South Africa have been significantly decreased based on new information from that country. Reserve base estimates for Brazil, China, the Dominican Republic, Ghana, Kazakhstan, and Peru also have been revised based on new information.

	Mine production		Reserves <sup>7</sup>	Reserve base <sup>7</sup>	
	2001	2002 <sup>e</sup>			
United States	335	300	5,600	6,000	
Australia	285	280	5,000	6,000	
Canada	160	160	1,300	3,500	
China	185	175	1,200	4,100	
Indonesia	130	170	1,800	2,800	
Peru	138	140	200	650	
Russia	152	170	3,000	3,500	
South Africa	402	395	8,000	36,000	
Other countries	783	740	16,600	26,000	
World total (may be rounded)	2,570	2,530	42,500	89,000	

Of an estimated 142,600 tons of all gold ever mined, about 15% is thought to have been lost, used in dissipative industrial uses, or otherwise unrecoverable or unaccounted for. Of the remaining 121,000 tons, an estimated 33,000 tons are official stocks held by central banks and about 88,000 tons are privately held as coin, bullion, and jewelry.

<u>World Resources</u>: Total world resources of gold are estimated at 100,000 tons, of which 15% to 20% is a byproduct resource. South Africa has about one-half of all world gold resources, and Brazil and the United States have about 9% each. Some of the 9,000-ton U.S. resource would be recovered as byproduct gold.

<u>Substitutes</u>: Base metals clad with gold alloys are widely used in electrical/electronic and jewelry products to economize on gold; many of these products are continually redesigned to maintain high-utility standards with lower gold content. Generally, palladium, platinum, and silver may substitute for gold.

## Excludes:

- a. Waste and scrap.
- b. Official monetary gold.
- c. Gold in fabricated items.
- d. Gold in coins. In 1991, the last year for which estimates are available, net imports amounted to 3.5 metric tons.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 309.9 (1998), 302.7 (1999), 355.8 (2000), 259.5 (2001), and 40.7 (2002 estimated).

<sup>&</sup>lt;sup>e</sup>Estimated. E Net exporter.

<sup>&</sup>lt;sup>1</sup>Metric ton (1,000 kilograms) = 32,150.7 troy ounces.

<sup>&</sup>lt;sup>2</sup>Refined bullion, doré, ores, concentrates, and precipitates.

<sup>&</sup>lt;sup>3</sup>Includes gold in Exchange Stabilization Fund. Stocks were valued at the official price of \$42.22 per troy ounce.

<sup>&</sup>lt;sup>4</sup>Englehard Corporation's average gold price quotation for the year.

<sup>&</sup>lt;sup>5</sup>Data from Mine Safety and Health Administration.

<sup>&</sup>lt;sup>6</sup>Defined as imports - exports + adjustments for Government and industry stock changes.

<sup>&</sup>lt;sup>7</sup>See Appendix C for definitions.