

## GOLD

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

**Domestic Production and Use:** Gold was produced at about 70 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 90% of the gold produced in the United States. The value of 1999 mine production was about \$3.1 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 in California, Florida, and Texas. Estimated uses were: jewelry and arts, 79%; electronics, 4%; dental, 2%; and other, 15%.

<b><u>Salient Statistics—United States:</u></b>	<b><u>1995</u></b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b> <sup>°</sup>
Production: Mine	317	326	362	366	340
Refinery: Primary	(2)	(2)	270	277	260
Secondary (new and old scrap)	(2)	(2)	100	163	150
Imports <sup>3</sup>	126	159	209	278	210
Exports <sup>3</sup>	347	471	477	522	250
Consumption, reported	(2)	(2)	137	219	240
Stocks, yearend, Treasury <sup>4</sup>	8,140	8,140	8,140	8,130	8,140
Price, dollars per ounce <sup>5</sup>	386	389	332	295	285
Employment, mine and mill, number <sup>°</sup>	14,700	16,900	16,300	13,400	12,000
Net import reliance <sup>6</sup> as a percent of apparent consumption	E	E	E	E	E

**Recycling:** 150 metric tons of new and old scrap, equal to 63% of reported consumption, was recycled in 1999.

**Import Sources (1995-98):**<sup>3</sup> Canada, 46%; Brazil, 12%; Australia, 8%; Mexico, 7%; and other, 27%.

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

**Depletion Allowance:** 15% (Domestic and foreign).

**Government Stockpile:** 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.

## GOLD

**Events, Trends, and Issues:** Domestic gold mine production in 1999 was estimated at slightly below the record level of 1998, 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 and California, where combined production accounted for nearly 80% of the U.S. total. Between July 1998 and June 1999, 12 gold mines were closed, 2 new gold mines were opened, and 1 gold mine was reopened in the United States. During this 12-month period, the average output per mine had increased, companies merged, and the size of gold mining operations increased. Most of the larger companies were successfully replacing annual production with new reserves, but smaller companies were finding this more difficult. Estimates by an industry association indicate that worldwide gold exploration expenditures decreased for the second consecutive year, with 1997 marking the peak of exploration spending for the 1990's. The expenditures of U.S. gold producers continued to fall in 1999 owing to the declining gold price.

During the first 9 months of the year, the Engelhard Corporation's daily price of gold ranged from a low of about \$254 per troy ounce, in July, to a high of over \$308, in September. For most of 1999, this price range was below \$275, the low price reported for all of 1998. The traditional role of gold as a store of value was not able to lift the price of gold out of its 20-year-low trading range. The market continued to be concerned about the future role of gold in the reserves of the European Central Bank, which began operation on January 1, 1999. Late in September, however, a surprise announcement by 15 European central banks to limit combined sales of gold from their official reserves to 400 metric tons per year for 5 years quickly removed the above uncertainty that was depressing gold prices.

### World Mine Production, Reserves, and Reserve Base:

	Mine production		Reserves <sup>7</sup>	Reserve base <sup>7</sup>
	1998	1999 <sup>e</sup>		
United States	366	340	5,600	6,000
Australia	312	300	4,000	4,700
Brazil	55	50	800	1,200
Canada	166	155	1,500	3,500
China <sup>e</sup>	178	150	NA	NA
Russia	104	105	3,000	3,500
South Africa	464	450	19,000	40,000
Uzbekistan	80	80	5,300	6,300
Other countries	735	700	9,300	11,800
World total (may be rounded)	2,460	2,330	<sup>8</sup> 49,000	<sup>8</sup> 77,000

Of an estimated 128,000 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 108,000 tons, an estimated 34,000 tons is official stocks held by central banks and about 74,000 tons is privately held as coin, bullion, and jewelry.

**World Resources:** Total world resources of gold are estimated at 100,000 tons, of which 15% to 20% is byproduct resources. South Africa has about one-half of all world 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.

**Substitutes:** 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.

<sup>e</sup>Estimated. E Net exporter. NA Not available.

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

<sup>2</sup>Survey response not sufficient for publication.

<sup>3</sup>Refined bullion, doré, ores, concentrates, and precipitates.

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 metric tons) to market from foreign stocks at the New York Federal Reserve Bank: 243.9 (1995), 373.0 (1996), 142.8 (1997), 309.9 (1998), and 186.5 (1999, estimated).

<sup>4</sup>Includes gold in Exchange Stabilization Fund. Stocks were valued at the official price of \$42.22 per troy ounce.

<sup>5</sup>Englehard Corporation's average gold price quotation for the year.

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

<sup>7</sup>See Appendix C for definitions.

<sup>8</sup>Excludes China and some other countries for which reliable data were not available.