

## GOLD

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

**Domestic Production and Use:** Gold was produced at about 50 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 2007, the value of mine production was about \$5.1 billion. Commercial-grade refined gold came from about 2 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 New York, NY, and Providence, RI; areas with lesser concentrations include California, Florida, and Texas. Estimated uses were jewelry and arts, 84%; electrical and electronics, 6%; dental and other, 10%.

| <b><u>Salient Statistics—United States:</u></b>                             | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> | <b><u>2006</u></b> | <b><u>2007<sup>e</sup></u></b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------------------|
| Production:   |                    |                    |                    |                    |                                |
| Mine  | 277                | 258                | 256                | 252                | 240                            |
| Refinery:   |                    |                    |                    |                    |                                |
| Primary   | 194                | 222                | 195                | 181                | 190                            |
| Secondary (new and old scrap)   | 89                 | 92                 | 81                 | 89                 | 90                             |
| Imports <sup>2</sup>  | 249                | 283                | 341                | 263                | 180                            |
| Exports <sup>2</sup>  | 352                | 257                | 324                | 389                | 580                            |
| Consumption, reported   | 183                | 185                | 183                | 185                | 190                            |
| Stocks, yearend, Treasury <sup>3</sup>                                      | 8,140              | 8,140              | 8,140              | 8,140              | 8,140                          |
| Price, dollars per ounce <sup>4</sup>                                       | 365                | 411                | 446                | 606                | 675                            |
| Employment, mine and mill, number <sup>5</sup>                              | 7,300              | 7,550              | 7,910              | 8,350              | 8,700                          |
| Net import reliance <sup>6</sup> as a percentage of<br>apparent consumption | E                  | 8                  | 4                  | E                  | E                              |

**Recycling:** 90 tons of new and old scrap, equal to about 47% of reported consumption, was recycled in 2007.

**Import Sources (2003-06):**<sup>2</sup> Canada, 33%; Peru, 33%; Colombia, 7%; Mexico, 7%; and other, 20%.

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

**Depletion Allowance:** 15% (Domestic), 14% (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 Governmentwide secondary precious-metals recovery program.

**Events, Trends, and Issues:** Domestic gold mine production in 2007 was estimated to be 6% less than the level of 2006, which dropped the United States to the fourth leading gold-producing nation. Mine production from several mines in Nevada accounted for much of the decrease; this decrease was partially offset by increases in production from Alaskan mines. Despite the decrease in production from Nevada mines, the State was still the leading gold producer, with about 80% of the U.S. total. In 2007, the United States was a net exporter of gold.

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The continued rise in costs at South African gold mines, owing to the strengthening of the rand and continued labor problems, has caused several mines to curtail operations and expansion projects. With production decreases in the United States and South Africa, increased gold production in Australia made it the leading gold-producing nation, followed by South Africa. Steadily increasing gold mining in China raised it to the third leading producer of gold worldwide from fourth in 2006.

Gold Exchange-Traded Funds (ETFs) have gained popularity with investors. According to some industry analysts, investing in gold in the traditional manner is not as accessible and carries higher costs owing to insurance, storage, and higher markups. The claimed advantage of the ETF is that the investor can purchase gold ETF shares through a stockbroker without being concerned about these problems. Each share represents one-tenth of an ounce of allocated gold.

During the first 9 months of 2007, the Engelhard Corporation's daily price of gold ranged from a low of about \$608 per troy ounce in January to a high of about \$743 per troy ounce at the end of September.

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

|                       | Mine production |                         | Reserves <sup>7</sup>      | Reserve base <sup>7</sup>  |
|-----------------------|-----------------|-------------------------|----------------------------|----------------------------|
|                       | <u>2006</u>     | <u>2007<sup>e</sup></u> |                            |                            |
| United States         | 252             | 240                     | 2,700                      | 3,700                      |
| Australia             | 244             | 280                     | 5,000                      | 6,000                      |
| Canada                | 104             | 100                     | 1,300                      | 3,500                      |
| China                 | 245             | 250                     | 1,200                      | 4,100                      |
| Indonesia             | 164             | 120                     | 1,800                      | 2,800                      |
| Peru                  | 203             | 170                     | 3,500                      | 4,100                      |
| Russia                | 159             | 160                     | 3,000                      | 3,500                      |
| South Africa          | 272             | 270                     | 6,000                      | 36,000                     |
| Other countries       | <u>818</u>      | <u>920</u>              | <sup>8</sup> <u>17,000</u> | <sup>8</sup> <u>26,000</u> |
| World total (rounded) | 2,460           | 2,500                   | 42,000                     | 90,000                     |

**World Resources:** An assessment of U.S. gold resources indicated 33,000 tons of gold in identified (15,000 tons) and undiscovered resources (18,000 tons).<sup>9</sup> Nearly one-quarter of the gold in undiscovered resources was estimated to be contained in porphyry copper deposits. The gold resources in the United States, however, are only a small portion of global gold resources.

**Substitutes:** Base metals clad with gold alloys are widely used in electrical and electronic products, and in jewelry 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.

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

<sup>2</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 tons.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 29.9 (2003), 3.0 (2004), 0.0 (2005), 0.0 (2006), and 0.0 (2007 estimate).

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

<sup>4</sup>Engelhard Corporation's average gold price quotation for the year.

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

<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>Reserves and reserve base for the "Other countries" category does not include some countries for which reliable data were not available.

<sup>9</sup>U.S. Geological Survey National Mineral Resource Assessment Team, 2000, 1998 assessment of undiscovered deposits of gold, silver, copper, lead, and zinc in the United States: U.S. Geological Survey Circular 1178, 21 p.