

## GOLD

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

**Domestic Production and Use:** Gold was produced at about 60 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 92% of the gold produced in the United States. The value of mine production in 2000 was about \$3 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, 85%; electrical and electronics, 7%; dental, 3%; and other, 5%.

<b>Salient Statistics—United States:</b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b> <sup>°</sup>
Production: Mine	326	362	366	341	330
Refinery: Primary	(2)	270	277	265	265
Secondary (new and old scrap)	(2)	100	163	143	140
Imports <sup>3</sup>	159	209	278	221	240
Exports <sup>3</sup>	471	477	522	523	720
Consumption, reported	(2)	137	219	245	250
Stocks, yearend, Treasury <sup>4</sup>	8,140	8,140	8,130	8,170	8,140
Price, dollars per ounce <sup>5</sup>	389	332	295	280	280
Employment, mine and mill, number <sup>°</sup>	16,900	16,300	13,400	10,300	9,800
Net import reliance <sup>6</sup> as a percent of apparent consumption	E	E	E	E	E

**Recycling:** 140 metric tons of new and old scrap, equal to 56% of reported consumption, was recycled in 2000.

**Import Sources (1996-99):**<sup>3</sup> Canada, 43%; Brazil, 13%; Australia, 8%; Peru, 7%; and other, 29%.

**Tariff:** Most imports of unwrought gold, including bullion and doré, enter 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 Government-wide secondary precious metals recovery program.

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**Events, Trends, and Issues:** Domestic gold mine production in 2000 was estimated at below the level of 1999, 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 1999 and June 2000, nine gold mines were closed, and two were reopened in the United States. During this 12-month period, the average output per mine 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 third 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 2000, owing to the low price of gold.

During the first 8 months of the year, the Engelhard Corporation's daily price of gold ranged from a low of about \$272 per troy ounce, in May, to a high of almost \$314, in February. For most of the year, this price was below \$280, the average price for 1999. The traditional role of gold as a store of value was not able to lift the price out of its low trading range. In 2000, the Swiss National Bank embarked on selling 1,300 tons of gold (half its reserves), and the UK government continued its drive to sell 415 tons of gold from British gold reserves. Concerns about central bank gold sales, prospects for more consolidation within the gold-mining sector, and lack of investor interest kept gold prices depressed.

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

	Mine production		Reserves <sup>7</sup>	Reserve base <sup>7</sup>
	1999	2000 <sup>e</sup>		
United States	341	330	5,600	6,000
Australia	303	300	4,000	4,700
Canada	158	150	1,500	3,500
China <sup>e</sup>	170	170	NA	NA
Indonesia	130	120	1,800	2,800
Peru	128	140	200	650
Russia	104	105	3,000	3,500
South Africa	449	440	19,000	40,000
Other countries	735	665	13,000	16,000
World total (may be rounded)	2,540	2,445	<sup>8</sup> 48,000	<sup>8</sup> 77,000

Of an estimated 130,000 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 110,000 tons, an estimated 33,300 tons are official stocks held by central banks and about 77,200 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 tons.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 373.0 (1996), 142.8 (1997), 309.9 (1998), 302.7 (1999), and 362.7 (2000, 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.