

GOLD

(Data in metric tons¹ of gold content, unless otherwise noted)

Domestic Production and Use: Gold was produced at about 55 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 98% of the gold produced in the United States. In 2001, the value of mine production was more than \$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, 89%; dental, 7%; and electrical and electronics, 4%.

Salient Statistics—United States:	1997	1998	1999	2000	2001^e
Production:					
Mine	362	366	341	353	350
Refinery:					
Primary	270	277	265	197	220
Secondary (new and old scrap)	100	163	143	82	100
Imports ²	209	278	221	223	185
Exports ²	477	522	523	547	580
Consumption, reported	137	219	245	183	200
Stocks, yearend, Treasury ³	8,140	8,130	8,170	8,140	8,130
Price, dollars per ounce ⁴	332	295	280	280	280
Employment, mine and mill, number ⁵	16,300	13,400	10,300	10,400	9,800
Net import reliance ⁶ as a percentage of apparent consumption	E	E	E	E	E

Recycling: 100 metric tons of new and old scrap, equal to 50% of reported consumption, was recycled in 2001.

Import Sources (1997-2000):² Canada, 44%; Brazil, 15%; Peru, 8%; Australia, 7%; and other, 26%.

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.

Events, Trends, and Issues: Domestic gold mine production in 2001 was estimated at about the same as the level of 2000, 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 California and Nevada, where combined production accounted for more than 80% of the U.S. total. Between July 2000 and June 2001, seven gold mines were closed 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 fourth consecutive year, with 1997 marking the peak of exploration spending for the 1990s. The expenditures of U.S. gold producers continued to fall in 2001 owing to the low gold price.

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During the first 9 months of the year, the Engelhard Corporation's daily price of gold ranged from a low of about \$257 per troy ounce in April to a high of almost \$294 in September. For most of the year, this price range was below \$270. The traditional role of gold as a store of value was able to lift the price of gold out of its low trading range when terrorists attacked the United States in September. In 2001, the Swiss National Bank continued selling 1,300 tons of gold (one-half its reserves), and the United Kingdom government completed its drive to sell 415 tons of gold from British gold reserves. Concerns about the true situation on central bank gold sales, prospects for more consolidations within the gold mining sector, and lack of renewed investor interest in gold kept gold prices depressed until the middle of September.

World Mine Production, Reserves, and Reserve Base:

	Mine production		Reserves ⁷	Reserve base ⁷
	2000	2001 ^e		
United States	353	350	5,600	6,000
Australia	296	290	5,000	6,000
Canada	154	160	1,500	3,500
China ^e	180	185	1,000	4,300
Indonesia	125	120	1,800	2,800
Peru	133	140	200	650
Russia	126	155	3,000	3,500
South Africa	431	400	19,000	36,000
Other countries	<u>735</u>	<u>725</u>	<u>13,000</u>	<u>16,000</u>
World total (may be rounded)	2,550	2,530	50,000	78,000

Of an estimated 140,000 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 120,000 tons, an estimated 33,000 tons are official stocks held by central banks and about 87,000 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.

^eEstimated. E Net exporter. NA Not available.

¹Metric ton (1,000 kilograms) = 32,150.7 troy ounces.

²Refined 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: 142.8 (1997), 309.9 (1998), 302.7 (1999), 355.8 (2000), and 516.6 (2001, estimated).

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

⁴Englehard Corporation's average gold price quotation for the year.

⁵Data from Mine Safety and Health Administration.

⁶Defined as imports - exports + adjustments for Government and industry stock changes.

⁷See Appendix C for definitions.