## **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 50 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 2004, the value of mine production was about \$3.2 billion, about the same value as in 2003. 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, 92%; electrical and electronics, 4%, dental, 3%; and other, 1%.

Salient Statistics—United States:	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	2004 <sup>e</sup>
Production:			· <u> </u>		
Mine	353	335	298	277	247
Refinery:					
Primary	197	191	196	196	185
Secondary (new and old scrap)	82	83	78	92	95
Imports <sup>2</sup>	223	194	217	249	400
Exports <sup>2</sup>	547	489	257	352	500
Consumption, reported	183	179	163	200	200
Stocks, yearend, Treasury <sup>3</sup>	8,140	8,140	8,140	8,140	8,140
Price, dollars per ounce <sup>4</sup>	280	272	311	365	410
Employment, mine and mill, number⁵	10,400	9,500	7,600	7,300	7,000
Net import reliance <sup>6</sup> as a percentage of					
apparent consumption	Е	Е	Е	E	Ε

Recycling: 95 tons of new and old scrap, equal to about 50% of reported consumption, was recycled in 2004.

**Import Sources (2000-03):** Canada, 56%; Brazil, 11%; Colombia, 10%; Peru, 8%; and other, 15%.

**<u>Tariff</u>**: Most imports of unwrought gold, including bullion and doré, enter the United States 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 Governmentwide secondary precious metals recovery program.

**Events, Trends, and Issues**: Domestic gold mine production in 2004 was estimated to be about 11% less than the level of 2003, but high enough to regain the United States' position as the second largest gold-producing nation, after South Africa. Domestic mine output continued to be dominated by Nevada, where production accounted for more than 85% of the U.S. total. Between July 2003 and August 2004, four gold mines were closed, and one mine was reopened in the United States. During this 12-month period, the average output per mine remained about the same, companies continued to merge, and the size of gold-mining companies increased. Most of the larger companies replaced annual production with new reserves, but smaller companies found this more difficult. Estimates by an industry association indicate that, owing to higher prices, worldwide gold exploration expenditures increased for the first time since 1997. The expenditures of U.S. gold producers for exploration also increased in 2003.

## GOLD

During the first 9 months of 2004, the Engelhard Corporation's daily price of gold ranged from a low of about \$376 per troy ounce in May to a high of about \$429 in April. For most of the year, however, this price averaged about \$400. The Iraqi War in the Middle East and concerns about terrorism continued to keep gold prices at \$400; however, the main U.S. dollar-denominated gold price driver was still the up and down movements in the U.S. dollar. The Central Bank Gold Agreement I (CBGA I) expired in September 2004, with just the Swiss National Bank left to sell less than 60 tons of gold during the fourth quarter of 2004, which would complete its sales plans of 1,300 tons of gold (one-half of its reserves) for the period of the agreement. Other countries of Europe, however, were expected to join CBGA II.

World Mine Production, Reserves, and Reserve Base: Data on reserves and reserve base have been revised downward from those previously published for the United States and upward for Peru based on mine closures in the United States and a report by the Peru Ministry of Energy and Mines. Data for the "Other countries" category excluded some countries for which reliable data were not available.

	Mine production		Reserves <sup>8</sup>	Reserve base <sup>8</sup>	
	<u>2003</u>	2004 <sup>e</sup>			
United States	277	247	2,700	3,700	
Australia	282	242	5,000	6,000	
Canada	141	171	1,300	3,500	
China	202	210	1,200	4,100	
Indonesia	140	120	1,800	2,800	
Peru	172	160	3,500	4,100	
Russia	170	180	3,000	3,500	
South Africa	373	344	6,000	36,000	
Other countries	830	800	<u>17,000</u>	26,000	
World total (rounded)	2,590	2,470	42,000	90,000	

Of the estimated 150,000 tons of all gold ever mined, about 15% is thought to have been lost, used in dissipative industrial uses, or otherwise was unrecoverable or unaccounted for. Of the remaining 128,000 tons, central banks hold an estimated 32,000 tons as official stocks, and about 96,000 tons is privately held as bullion, coin, and jewelry.

<u>World Resources</u>: A recent assessment of U.S. gold resources indicated 33,000 tons of gold in identified (15,000 tons) and undiscovered resources (18,000 tons). 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.

<u>Substitutes</u>: Base metals clad with gold alloys are widely used in electrical/electronic products and 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.

## 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: 355.8 (2000), 259.5 (2001), 39.6 (2002), 29.9 (2003), and 3.1 (2004, 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>Engelhard 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>Ministerio de Energia y Minas, 2003, 2002 Anuario de la Mineria del Peru: Lima, Peru, December, p. 32.

<sup>&</sup>lt;sup>8</sup>See Appendix C for definitions.

<sup>&</sup>lt;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.