

GOLD

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

Domestic Production and Use: Gold was produced at about 53 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 2002, the value of mine production was more than \$2.9 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 New York, NY, and Providence, RI, areas with lesser concentrations include California, Florida, and Texas. Estimated uses were jewelry and arts, 84%; dental, 8%; electrical and electronics, 7%; and other, 1%.

Salient Statistics—United States:	1999	2000	2001	2002	2003^e
Production:					
Mine	341	353	335	298	266
Refinery:					
Primary	265	197	191	194	185
Secondary (new and old scrap)	143	82	83	89	95
Imports ²	221	223	194	217	220
Exports ²	523	547	489	257	320
Consumption, reported	245	183	179	163	150
Stocks, yearend, Treasury ³	8,170	8,140	8,140	8,140	8,140
Price, dollars per ounce ⁴	280	280	272	311	350
Employment, mine and mill, number ⁵	10,300	10,400	9,500	7,600	7,000
Net import reliance ⁶ as a percentage of apparent consumption	E	E	E	E	E

Recycling: 95 tons of new and old scrap, equal to 50% of reported consumption, was recycled in 2003.

Import Sources (1999-2002):² Canada, 54%; Brazil, 13%; Peru, 8%; United Kingdom, 5%; and other, 20%.

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 secondary precious metals recovery program.

Events, Trends, and Issues: Domestic gold mine production in 2003 was estimated at about 6% less than the level of 2002, 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, where combined production accounted for more than 80% of the U.S. total. Between July 2002 and August 2003, two gold mines were closed in the United States. During this 12-month period, the average output per mine decreased, 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 fifth consecutive year, with 1997 marking the peak of exploration spending for the 1990s. The expenditures of U.S. gold producers continued to fall in 2002, but are expected to begin to increase in 2003 owing to the increase in the gold price.

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During the first 8 months of 2003, the Englehard Corporation's daily price of gold ranged from a low of about \$321 per troy ounce in April to a high of about \$383 in February. During the year, this price range averaged \$350. The Iraqi war in the Middle East and concerns about terrorism continued to prompt increases in gold prices; however, the main gold price driver was the up and down movements in the U.S. dollar. As the expiry of the Central Bank Gold Agreement I (CBGA) approaches September 2004, the Swiss National Bank continued selling 1,300 tons of gold (one-half of its reserves) joined by lesser selling from the Dutch and Portuguese Central Banks. German Bundesbank could be the next major gold seller, but is expected to wait until CBGA II. Concerns about central bank gold sales, prospects for more consolidations within the gold mining sector, and lack of renewed investor interest in gold will tend to keep gold prices depressed.

World Mine Production, Reserves, and Reserve Base:

	Mine production		Reserves ⁷	Reserve base ⁷
	2002	2003 ^e		
United States	298	266	5,600	6,000
Australia	273	275	5,000	6,000
Canada	149	165	1,300	3,500
China	190	195	1,200	4,100
Indonesia	135	175	1,800	2,800
Peru	138	150	200	650
Russia	170	180	3,000	3,500
South Africa	399	450	8,000	36,000
Other countries	798	760	⁸ 17,000	⁸ 26,000
World total (rounded)	2,550	2,600	⁸ 43,000	⁸ 89,000

Of the estimated 145,200 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 123,000 tons, central banks hold an estimated 32,000 tons as official stocks, and about 91,000 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 a byproduct resource. South Africa has about one-half of all world gold 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 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.

^eEstimated. E Net exporter.

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: 302.7 (1999), 355.8 (2000), 259.5 (2001), 39.6 (2002), and 59.8 (2003 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.

⁸Excludes countries for which reliable data were not available.