

# Indian Passion for Gold gets American Glitter

US & Co set to become biggest suppliers as mining the metal gets difficult in other big producers

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India's lust for gold is legendary. Indian households hold over \$950 billion of the yellow metal, revealed a recent research by Macquarie research. India imports most of its requirements: a quarter of all the gold sold globally is imported by us.

But in recent times, another country has matched India's hunger for gold. China, the largest producer of the precious metal, became a net importer in 2011, as domestic demand soared. Sometime this year, China is expected to overtake India as the largest gold consumer. China, which is among the top producers of gold globally, has high entry barriers for private miners and also uses its production for building up national reserves.

Entry barriers for entrepreneurs are high in Russia as well. South Africa and Australia, both big producers of the yellow metal, are becoming unpopular due to, respectively, high taxation and high production costs.

**North America accounted for 16% of output in 2011, and will continue to farm new gold mines**

North America has always been significant in the global gold stakes. Globally, there have been 99 significant gold discoveries (defined as a deposit containing at least 2 million oz of the

Some European gold reserves, for example the Rosia Montana in Romania, the largest untapped reserves in Europe, are facing problems due to environmental regulations. That begets the question: where will India get its gold from? The US, and other countries in the Americas.

metal) during 1997-2011. The Americas hold the greatest share in these discoveries—not surprising given that the Americas have accounted for more than half the industry's discovery-oriented gold exploration spending during the period. In 2010, the gold exploration budget rose to \$5.4 billion, which was 59% more than in 2009. In 2011, mines in the US produced gold worth about \$12 billion.

Gold mining companies are again flocking to the Americas. In Canada, miners are making huge new discoveries as well re-starting old mines that were deserted due to lack of funds. In 2011, production rose 21% year-on-year to Canada's highest output in five years. Mexico's large mineral belts have been equally attractive for gold miners.

North America Accounts for Lion's Share ►► 20

## A Gold Mine, Indeed!

Of the 99 significant gold discoveries during 1997-2011, the Americas hold the greatest share

**US MINE PRODUCTION DATA**  
(In tonnes)



Source: US Geological Survey

- IN 2011, US mines produced gold worth \$12 billion
- IN 2010, gold exploration budget rose to \$5.4 b—59% more than in 2009
- IN 2011, Canada's production rose to the highest in 5yrs
- MEXICO SAW a whopping 254% increase in output in 2011