

**PRESS RELEASE****REPORT SHOWS IMPORTANCE OF GOLD MINING TO LOWER-INCOME COUNTRIES**

- **Gold production increasingly shifting to developing countries**
- **Substantial increase in dependence on gold exports among lower-income countries**
- **Gold delivering improvements in infrastructure and workforce to indebted nations**

**London, 25 May 2005:** Gold mining is of increasing importance to the developing world in terms of wealth, exports and infrastructure, according to a key report issued today by the World Gold Council.

The new report, *'A Touch of Gold: Gold mining's importance to lower-income countries'* reveals how gold mining is becoming even more prevalent in the developing world, and demonstrates how gold has become one of the most important exports for heavily indebted poor countries (HIPC). In addition, the report illustrates the benefits, including the use of local labour, additional government revenue, and the growth of essential infrastructure, that gold mining brings to a developing country.

The new report updates a 1999 publication\* which for the first time examined the role of gold in developing countries and its importance to national economies. The well-received report had a major impact on perceptions held of the gold industry by policy-makers, the media and the public. In particular, the study's findings played a part in encouraging the International Monetary Fund (IMF) to revalue, rather than sell, a portion of its gold reserves for the purposes of debt relief. This happened because the report showed that sales of gold by the IMF might disadvantage some of the poor countries that the IMF was actually trying to help.

The new report shows that gold production has increasingly shifted to developing countries. Developing countries accounted for 72% of global output of gold in 2004, with low-income or lower-middle-income countries together accounting for two thirds of global output. If South Africa (whose production is on a long term declining trend) is excluded, gold output by developing countries rose by more than 50% over the last decade.

The strongest rise in output was seen in HIPCs, whose gold production rose by 84% between 1994 and 2004. Of the 38 HIPC countries, 14 are significant gold producers with lesser production occurring in a further 14 countries.

As a result of the rising output of gold from HIPCs, their dependence on gold exports has also increased substantially and gold is now one of the most important exports for HIPCs as a whole. It accounted for nearly 8% of goods (merchandise) exports and over 6% of exports of goods and services for HIPCs in 2003. For the 14 significant producers, gold accounted for 13% of goods exports and 10% of their exports of goods and services. For example, gold is the leading export for Mali (59% in 2003), Tanzania (44%), Ghana (32%), Guyana (26%) and the second most important for Guinea (23%).

Gold is also a crucial export for a number of other low-income and lower-middle-income countries. It is the leading export for South Africa, Peru, Kyrgyzstan and Papua New Guinea and an important export for several others.

James Burton, Chief Executive Officer of the World Gold Council, said today: "The 1999 report highlighted to policy makers the importance of gold, both in terms of production and exports, to much of the developing world. The latest report confirms this and in fact shows just how reliant on gold mining highly indebted countries have become. For example, studies indicate that each mining employee in South Africa supports on average up to ten people. Gold is generally associated with the rich and yet this latest report proves that, in relative terms, it is actually much more important to the poor."

Importantly, the report also shows that export revenue is not the only benefit gold mining brings to a developing country. Gold mining brings substantial improvements in physical, social, legal and financial infrastructure. Throughout history, the establishment of a formal mining industry has frequently been one of the first steps in a country's industrial development and often provides the critical mass for the development of electricity, water, road and rail transport in a region.

Similarly, where possible gold mining companies source supplies locally and employ local labour. Gold mining also provides royalty and tax income to governments, technology transfer, skilled employment and training for local populations together with further jobs through the multiplier effect.

James Burton concluded: "The gold industry is of tremendous and growing importance to highly indebted countries and, in many cases, is directly assisting with the growth of both the industrial infrastructure and a skilled workforce. As a result, the future wealth and development of the world's poorest nations is more dependent than ever on a stable international market for gold."

\*A Glittering Future? Gold mining's importance to sub-Saharan Africa and Heavily Indebted Poor Countries'.

**- Ends -**

For further information, contact Anita Saunders, Head of Public Relations, World Gold Council on +44 207 826 4716 or +44 7841 299 549, or e-mail [anita.saunders@gold.org](mailto:anita.saunders@gold.org).

Notes to Editors:

**World Gold Council**

The World Gold Council (WGC), a commercially-driven marketing organisation, is funded by the world's leading gold mining companies. A global advocate for gold, the WGC aims to promote the demand for gold in all its forms through marketing activities in major international markets. For further information visit [www.gold.org](http://www.gold.org).