GOLD RECYCLING: NEW REPORT EXAMINES THE EVOLVING INDUSTRY THAT CONTRIBUTES A THIRD OF GLOBAL GOLD SUPPLY

“The Ups and Downs of Gold Recycling: Understanding Market Drivers and Industry Challenges,” written and published today by the World Gold Council and The Boston Consulting Group (BCG), analyses the economic drivers of the global gold recycling market and highlights important future industry trends including; a shift in concentration of gold recycling from west to east, increased difficulty in obtaining gold from electronic products as less is used in modern devices, and potential consolidation within the recycling industry across the entire value chain.

The report shows that between 1995 and 2014, recycled gold accounted for, on average, about a third of total supply. This average belies the dynamic, responsive nature of recycling. An analysis of recycling data from 1982 to 2012 reveals that price fluctuations accounted for around 75 percent of the changes in recycling volumes and that economic shocks can boost recycling by up to 20 percent.

The report examines the challenges and opportunities facing the gold recycling industry, which has two main components; high-value recycled gold and industrial recycled gold. The growing volume in waste electrical and electronic equipment (WEEE) offers opportunities for industrial materials recycling, although obtaining gold from this material will become ever harder as smaller amounts of gold are used in them.

Furthermore, as Asia’s stock of gold keeps growing the ‘centre of gravity’ for gold recycling will likely shift east. India’s and China’s gold jewellery consumption rose from 28 percent of the global total in 2004 to 60 percent in 2014 and as a consequence local competition for gold recycling business could heat up in Asia.

Intensified competition and overcapacity in the near and mid-terms represent the main challenges for both the high-value and industrial gold recycling segments. In addition, falls in precious metal prices have squeezed margins along the recycling value chain, spurring consolidation.

Alistair Hewitt, Head of Market Intelligence at the World Gold Council said:
“The decline in recycling in 2014 was widespread across both developing and industrial countries, although more severe in the latter. Looking forward, we expect recycling to remain low in 2015, and possibly decrease further given that a large portion of near-market supply has been flushed out in recent years. Reduced volumes of distress selling may further suppress recycling volumes and many recycling collectors are struggling to source stock. That said, recycling is the most dynamic element of supply and helps balance the gold market; any price increase in 2015 may elicit an increase in gold recycling volumes.”

Matthias Tauber, Partner and Managing Director, The Boston Consulting Group, said:
“Industry players in the gold recycling market face a complex blend of challenges and opportunities. Chief among the challenges is overcapacity, particularly in waste electrical and electronic equipment recycling which has nearly doubled over the past 10 years. To succeed, companies must rethink their competitive strategies and operating models – including leveraging economies of scale through M&A and strengthening their operational excellence and reputation among customers.”

In 2014 gold recycling fell to a seven-year low and is expected to remain low in 2015. This is partly a result of gold prices being lower than they were several years ago, leading to less ‘distress selling’ as a result of greater economic stability, and the depletion of near-market gold recycling materials.
Download the full report at: [https://www.gold.org/supply-and-demand](https://www.gold.org/supply-and-demand) or [www.bcgperspectives.com](http://www.bcgperspectives.com).

Follow the World Gold Council (@GOLDCOUNCIL) and The Boston Consulting Group (@BCG) on Twitter.

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Notes to Editors
1. The World Gold Council defines *recycled gold* as gold sold for cash by consumers or other supply chain players.
2. Total supply is defined as mine production, recycling, and net producer hedging.
3. High-value gold accounts for roughly 90 percent of the total supply of recycled gold. This comprises recycled jewellery, gold bars and coins.
4. Industrial recycled gold makes up the remaining almost 10 percent and consists primarily of gold found in waste electrical and electronic equipment (WEEE).

World Gold Council
The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

We develop gold-backed solutions, services and markets, based on true market insight. As a result, we create structural shifts in demand for gold across key market sectors.

We provide insights into the international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East, Europe and the US, the World Gold Council is an association whose members include the world’s leading and most forward thinking gold mining companies. [www.gold.org](http://www.gold.org)

The Boston Consulting Group
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