

Archived World Gold Council Document

Gold News Flash

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World Gold Council Statement on the sale of gold by the Reserve Bank of Australia

In response to requests for the views of the World Gold Council on the recently announced sale of gold by the Reserve Bank of Australia, the following statement is issued for immediate release:

"As producers and holders of gold (both private and public) are well aware, the gold market in recent months has suffered severely from concerns about the actual or anticipated actions of Central Banks in respect to their gold holdings.

The consequent pressure on the market has diminished the value of not just public holdings of gold, but the value of savings of many millions of individuals in countries where gold plays the key role as a savings vehicle. Countries such as these are generally characterised by low per capita incomes and hence the value of gold savings to the individual are of vital importance.

In addition, the effect on the viability of gold producers has been severe. These producers play a key role in many countries in providing employment, taxes and foreign exchange earnings. Especially important to the respective economies are the producers of Africa, Latin America and the Pacific Rim, where gold mining is critical to social and economic wellbeing.

It is therefore a matter of deep concern to the Council, which represents producers operating in all of these areas and who contribute so markedly to national economies, that the Reserve Bank of Australia has seen fit to sell gold in such quantities at a time of such global market sensitivity.

This action, as noted, affects not merely the wellbeing of producing countries in the emerging markets, but Australia itself. As a leading producer it is now also suffering the negative impact on employment, taxes and foreign earnings.

This action appears to have been motivated by narrow financial considerations. The Australian public needs to be aware that it will have wider negative consequences for the Australian economy.

For a leading gold producer to take unnecessary actions that prejudice the wellbeing of a key sector of its economy suggests a lack of sensitivity to the factors impacting the market."

Contact: E.M. Hood, Chief Executive Officer, World Gold Council, 1 rue de la Rôtisserie, 1204 Geneva, Switzerland. Tel: + (41.22) 311.96.66; Fax: + (41.22) 781.48.24, or by e-mail: bryan.parker@gold.org.

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