

Date: Oct 27; BEC building at 12.30

Title:

Where does gold come from and why the markets are beginning to care:

Diversification of the global gold supply chain and potential reforms in the world gold market

Abstract:

There are 10- 15 million Artisanal and Small Scale Gold Miners (ASGM) working in around 70 developing countries. These miners often work outside of the formal, legal economy, in difficult and hazardous conditions, and their activities can result in significant social and environmental impacts. However, the wealth generated by these miners can represent an important (and sometimes the only) opportunity to escape poverty and develop wealth within their communities. Helping miners to derive the greatest benefit from this opportunity, while minimizing the social and environmental consequences, will require innovation, human and financial resources, and broad collaboration.

Of the 130,000 to 150,000 tonnes of gold in existence as of the year 2000 (av. 140,000) (Schofield, 2007), how much can be considered Artisanal Gold? Half of all gold was produced since the 1960s and 80% since 1900 (USGS, 2006). Currently, the estimated 330 tonnes of AG production is 13.2% of the official annual production of 2500 tonnes (Telmer and Veiga, 2009). However, it is unlikely that the production of artisanal gold has been as high as 13.2% continuously since 1900; perhaps higher in earlier years but lower when large scale industrial mining of gold surged in the 1950 & 60s. Because an exact determination would be complicated and fraught with debate, we suggest that a reasonable notional amount (a conservative minimum) of gold that is artisanal in origin is 5% of gold production between 1900 and 2000 (100 years). The rationale in choosing the 100 year interval 1900-2000 is that 80% of total gold ever produced has survived and it is estimated that 80% has been produced since 1900. Five percent (5%) of world production between 1900 and 2000 as reported by the United States Geological Survey (USGS) is 7000 tonnes. This sets a cap on the amount of existing gold that could be traded as a brand called Artisanal Gold™

The brand Artisanal Gold™, is a pool of 7000 tonnes of existing gold, sold at a premium that goes into a fund managed to carry out ASGM improvement initiatives. Although this would occur over time, if a premium of 1% (a CSR[1] precedent) were applied to 7000 tonnes of gold at 2010 prices, this would generate around two billion dollars to be applied to improvement initiatives. This is an amount appropriate to the task of improving livelihoods for millions of poor people. It is comparable to investments sometimes required for individual large scale mining projects, but it has the potential to generate significant economic growth for multitudes of ASGM communities.

[1] CSR stands for Corporate Social Responsibility. 1% of revenues has become a standard amount for large mining companies to devote towards CSR activities.

Bio:

Dr. Kevin Telmer, PhD

Executive Director, Artisanal Gold Council (AGC), Assoc. Prof. UVic.

Kevin Telmer is a Founding Director of the Artisanal Gold Council, an NGO that develops programmes and innovative approaches to issues surrounding artisanal and small scale gold mining communities (ASGM) in developing countries. Dr. Telmer is an expert in ASGM with 15 years experience working in the field with miners and governments in technical, social, policy, and business capacities. Dr. Telmer works in partnership with, UNEP, UNIDO, ICMM and the mining industry, and NGO partners such as SONAMIPE and ARM in Peru, YTS in Indonesia, the Blacksmith Institute and NRDC in the US, the World Bank's Secretariat on Communities in Small Scale Mining (CASM), and others. His advice and expertise are sought after by numerous groups around the world. Dr. Telmer started working in ASGM in 1995 in the Amazon and continued this work in many countries across three continents. He is a voice on the international stage on ASGM and has been published in numerous sources on the issue. Dr. Telmer holds an H.BSc in geology, received his PhD from the University of Ottawa in Geochemistry, and is has been an associate professor in the School of Earth and Ocean Sciences at the University of Victoria since 1999. He also chairs the International Commission on Geosciences for Environmental Management (IUGS-GEM).