



# Gold

By Andreas Tegen

**The Anglo American Corporation of South Africa (AAC), the largest gold mining house in the world, has considerably increased its control in the gold mining industry since 1975. It now controls 46 per cent of Western world gold mine output. This is one of the conclusions drawn in a recent RMG study on the development of corporate control in the structurally complex gold mining industry. In this article some of the major findings of the study are presented.**

Gold is one of the oldest metals known by man. It has been mined for about 6 000 years. During this time about 90 kt of gold has been produced, half of it in the last 35 years. Gold differs from other metals by the fact that almost all is "recycled". Thus the 1.4 kt of gold that currently is mined yearly only makes a small contribution to the total supply.

## Geography

Since the turn of the century, the Republic of South Africa (RSA) has been the country with the largest gold production in the Western world. Gold production in the RSA reached its peak at the beginning of the 1970s, and has since then declined,

though it is still by far the largest, which can be seen in *Table 1*.

Western world gold production was at its height, 1.3 kt, in the mid-60s. It fell to slightly below 1 kt during the later half of the 70s and the early 80s, but has moved up slightly in the latest years.

Between 1975 and 1983, production increased in Canada, USA and Australia, but not enough to compensate fully for the falling share of the industrialized capitalist countries, which dropped from 88 to 78 per cent of Western world production. The rise of the "Third World", from 12 to 22 per cent, during the same period was mainly due to an almost trebled production in Latin America, where Brazil has the largest share.

**Table 1**

**Geographical distribution (per cent) of Western world mine production of gold 1975 and 1983**

	Production share	
	1975, %	1983, %
<b>Industrialized capitalist countries</b>	<b>87.69</b>	<b>77.80</b>
Europe	1.16	0.92
Canada	5.44	6.50
USA	3.43	4.63
Australia	1.72	2.96
South Africa	75.44	62.46
Japan	0.50	0.33
<b>"Third world"</b>	<b>12.31</b>	<b>22.20</b>
Brazil	1.32	4.69
Chile	0.44	1.82
Colombia	1.14	1.64
Other Latin America	1.56	4.15
Ghana	1.72	1.08
Zimbabwe	1.16	1.30
Other Africa	0.54	1.93
Philippines	1.70	3.06
Papua New Guinea	1.89	1.69
Other Asia	0.84	0.84
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>Western world production (t)</b>	<b>974</b>	<b>1 089</b>

Sources: Minemet, Mining Annual Review.

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Data from the Socialist countries are uncertain and not included in the tables. The Soviet share of world production was estimated at 19 per cent, both in 1975 and 1983 (Minemet). The shares of the other Socialist countries increased rapidly from an estimated 1 per cent in 1975 to an estimated 7 per cent in 1983. Thus, the share of the Socialist countries increased during the period.

### Who produces?

There are about 200 mining corporations in the Western world that produce gold, either as their main product, or as a by-product. Most of them are small producers, however. Table 2 shows the 40 largest gold producing corporations in the Western world in 1975 and 1983. Not surprisingly, most of them are operating in RSA. The production shares of a large number of the producers decreased somewhat during the period, and the share of the 40 largest dropped from 76.8 to 67.3 per cent. This was mainly due to a diminishing or stagnating production by most South African producers. The number of non-RSA producers increased from 7 to 10 during the period.

### Who controls?

Table 3, like Table 2, shows the corporate concentration in the gold mining industry. But Table 3 gives a picture which is radically different from Table 2. The table shows the 15 largest controlling corporations and their shares of Western world gold production in 1975 and 1983/84. The table is based on findings in a research project on ownership and control, carried out by the author. The project was summarized in RMR Vol 3 No 1.

Table 3 demonstrates the outstanding dominance of the *Anglo American Corporation of South Africa* (AAC), which controlled 37 per cent of Western world gold production in 1975, and whose share in-

creased to 46 per cent in 1983/84. As can be seen in the columns to the right in the table, AAC controlled 29 gold producing corporations in 1983/84, 23 fully and 6 partially. These corporations are identified in Table 4, in which AAC is selected as an example of our research method.

Table 3 also traces the increased strength of AAC to the acquisition of the second largest controlling corporation *Consolidated Gold Fields*, (CGF). In 1975 CGF controlled 8 gold producers fully and 1 partially. The control was effective in 1980 through the acquisition

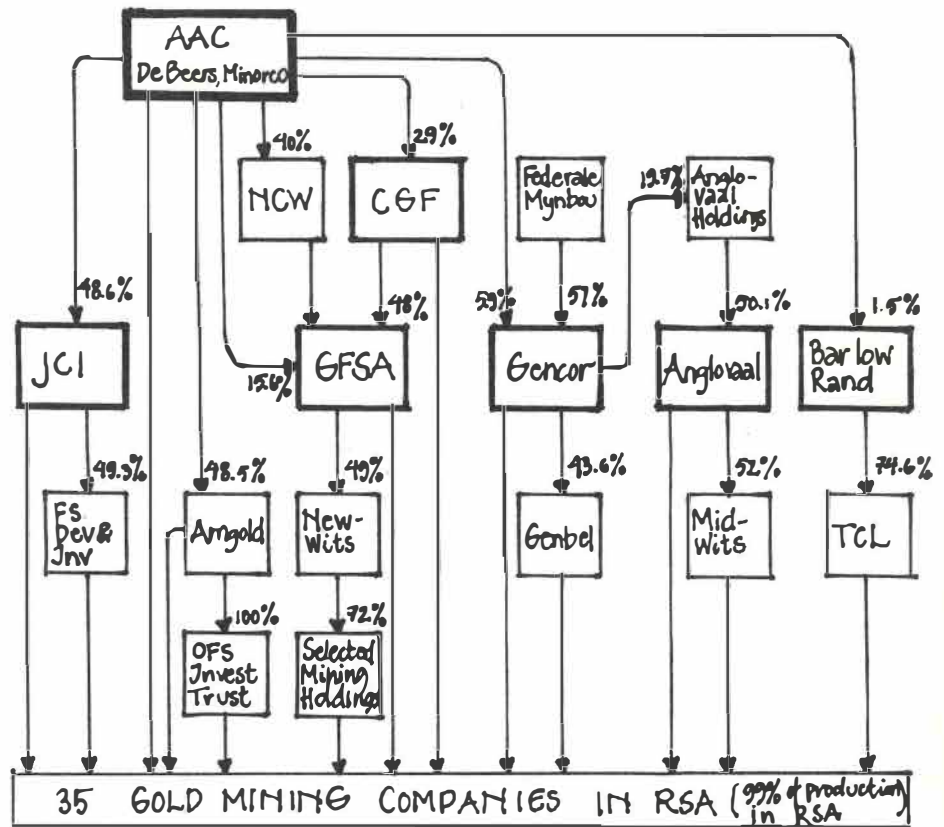
**Table 2**  
Gold production shares of the 40 largest gold mining corporations in the Western world in 1975 and 1983.

CORP	COUNTRY	SHARE OF WESTERN WORLD GOLD PROD 1975 %			1983 %
1 WEST DRIEFON	RSA	6.49	1 VAAL REEFS	RSA	7.35
2 VAAL REEFS	RSA	6.30	2 DRIEFONTEIN	RSA	6.75
3 WEST DEEP	RSA	4.90	3 WEST HOLD	RSA	3.68
4 WEST HOLD	RSA	4.13	4 WEST DEEP	RSA	3.62
5 PR BRAND	RSA	4.11	5 HARMONY	RSA	2.98
6 F S GEDULD	RSA	4.01	6 KLOOF	RSA	2.80
7 HARTEBEEST	RSA	3.30	7 HARTEBEEST	RSA	2.77
8 HARMONY	RSA	3.18	8 BUFFELSFONT	RSA	2.76
9 BUFFELSFONT	RSA	3.05	9 RANDFONTEIN	RSA	2.72
10 BLYVOOR	RSA	2.82	10 F S GEDULD	RSA	2.50
11 ST HELENA	RSA	2.62	11 PR STEYN	RSA	2.38
12 WEST AREAS	RSA	2.32	12 PR BRAND	RSA	2.20
13 EAST DRIEFON	RSA	2.24	13 BLYVOOR	RSA	1.70
14 BOUGAINVILLE	PNG	1.87	14 WEST AREAS	RSA	1.67
15 PR STEYN	RSA	1.81	15 BOUGAINVILLE	PNG	1.65
16 KLOOF	RSA	1.63	16 WINKELHAAK	RSA	1.34
17 DOORNFONTEIN	RSA	1.58	17 ST HELENA	RSA	1.27
18 WINKELHAAK	RSA	1.53	18 STILFONTEIN	RSA	1.13
19 STILFONTEIN	RSA	1.50	19 KINROSS	RSA	1.12
20 WELKOM	RSA	1.44	20 EL INDIO	CHI	1.03
21 EAST RAND P	RSA	1.30	21 EAST RAND P	RSA	1.02
22 RANDFONTEIN	RSA	1.20	22 LIBANON	RSA	.94
23 LIBANON	RSA	1.17	23 DOORNFONTEIN	RSA	.91
24 ASHANTI GOLD	GHA	1.16	24 ELANDSRAND	RSA	.91
25 KINROSS	RSA	1.12	25 LEAD	USA	.88
26 LEAD	USA	.97	26 UNISEL	RSA	.85
27 LORAIN	RSA	.84	27 LORAIN	RSA	.77
28 BRACKEN	RSA	.83	28 JERITT CANYO	USA	.76
29 DURBAN DEEP	RSA	.82	29 DURBAN DEEP	RSA	.72
30 VENTERSPOST	RSA	.79	30 BENGUET	PHI	.69
31 CARLIN	USA	.77	31 ASHANTI GOLD	GHA	.68
32 KENNECOTT	USA	.77	32 GROOTVLEI	RSA	.65
33 WEST RAND C	RSA	.65	33 DEELKRAAL	RSA	.59
34 LESLIE	RSA	.61	34 KENNECOTT	USA	.58
35 GROOTVLEI	RSA	.53	35 ERGO	RSA	.56
36 S A LAND	RSA	.53	36 VENTERSPOST	RSA	.56
37 INCO	CAN	.52	37 KALBOOR MA	AUS	.54
38 KALGOORLIE	AUS	.50	38 CARLIN	USA	.47
39 SAAISPLAAS	RSA	.46	39 INCO	CAN	.46
40 FREDDIES	RSA	.45	40 WEST RAND C	RSA	.37
		TOT 76.82			TOT 67.33

Sources: RMG data.



Figure 1  
Simplified structure of the South African gold mining industry. Dec 1984.



by Minorco, an AAC holding company, of 29 per cent of the shares in CGF. (The AAC control of the gold producers in the CGF group was further strengthened in May 1984 by the purchase of another 5.6 per cent of the shares in GFSA, the prime CGF gold holding company. This purchase increased the total AAC holdings in GFSA to 26.5 per cent.)

The second largest controlling corporation in 1983/84, *Gencor*, doubled its share of Western world gold production from 1975 to 1983. This rapid growth was due to the acquisition by General Mining of Union Corporation in 1980.

The three largest gold controlling corporations, all South African, accounted for 60 per cent of Western world production both in 1975 and 1983/84, which indicates an unchanged corporate concentration. However, this result was achieved in spite of a falling production in the South African mines, and was possible only through the acquisition by two of these three corporations of two other corporations. The corporate concentration among the gold controlling corporations in *RSA* increased. The corporate response to the possible depletion of the *RSA* mines is also visible in the increasing investment activities of AAC in Canada, Brazil and Chile.

Table 4 shows, with the Anglo group, which is headed by AAC, as an example, the development of ownership and control by a controlling corporation. The ownership figures are not only AACs, but the *combined* ownership in the Anglo group, i.e. the ownership by all holding companies in the group. With an example from another computer outprint, is shown in Table 5 which holding companies in the Anglo group that together made the AAC holding in West Deep (Western Deep Levels Ltd) increase from 42 to 49 per cent. The whole outprint, of which Table 5 is an excerpt, is much too large to be contained in this article.

Table 3  
The largest gold mine controlling corporations in the Western world in 1975 and 1983/84.

Ownership per Dec 1975 and Dec 1984.

CORP	CONTROLLED SHARE OF GOLD PROD IN WESTERN WORLD		NO OF CONTROLLED CORP IN CONTROL CLASS			
	1975 %	1983/4 %	1975 CL 1	1975 CL 2	1983/4 CL 1	1983/4 CL 2
AAC	37.44	46.13	15	5	23	6
GENCOR	3.86	7.85	3	1	8	3
BARLOW RAND	6.24	5.57	3	1	3	1
ANGLOVAAL	2.07	2.02	0	2	1	2
RTZ	1.87	1.82	1	0	1	1
BP	-	1.35	-	-	1	2
HOMESTAKE	0.97	1.15	1	0	1	1
FLUOR	-	1.03	-	-	1	0
NORANDA	na	0.90	na	na	8	0
WESTERN MINI	0.42	0.73	2	1	3	1
FREEPORT	0.12	0.71	1	0	2	0
BENGUET	0.41	0.69	1	0	1	0
INCO	0.52	0.46	1	0	1	0
LONRHO	0.58	0.34	0	1	0	1
BOLIDEN	0.20	0.29	1	0	1	0
CGF	15.21	-	8	1	-	-
UNION CORP	7.65	-	7	1	-	-
NEWMONT	0.88	-	3	0	-	-
KENNECOTT	0.77	-	1	0	-	-
TOT	79.21	71.04				

Sources: RMG data.

Table 4

## Anglo group ownership and control in the gold mining industry in 1975 and 1983/84.

\*\*\*\* CONTROLLING CORP: ANGLO GROUP

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PRODUCER	CONTROL CL & OWNERSHIP				GOLD PROD		CONTROL SHARE	
	1 9 7 5		1 9 8 4		1975	1983	1975	1983/4
	CL	%	CL	%	%	%	%	%
BLYVOOR	4	17.08	2	15.59	2.82	1.70	.94	.85
BRACKEN		2.80		.17	.83	.33		
BUFFELSFONT	2	30.63	2	29.13	3.05	2.76	1.52	1.38
CARLIN		-	1	100.00	.77	.47		.47
DEELKRAAL	3	10.26	1	80.04	x	.59	INFL	.59
DOORNFONTEIN	3	9.02	1	41.12	1.58	.91	INFL	.91
DRIEFONTEIN		x	1	55.62	x	6.75		6.75
EAST DAGGA	1	13.31		x	.18	x	.18	
EAST DRIEFON	3	16.98		x	2.24	x	INFL	
ELANDSRAND	1	63.95	1	85.93	x	.91		.91
ERGO	1	x	1	68.06	x	.56		.56
F S GEDULD	1	23.49	1	26.67	4.01	2.50	4.01	2.50
GROOTVLEI		3.42		-	.53	.65		
HARMONY		3.77		3.62	3.18	2.98		
HARTEBEEST	2	22.94	2	22.87	3.30	2.77	1.65	1.38
HUDBAY	1	38.	1	46.	.21	.22	.21	.22
KINROSS		4.04		2.72	1.12	1.12		
KLOOF	3	8.85	1	49.21	1.63	2.80	INFL	2.80
LEADVILLE		-	2	50.00		.03		.02
LESLIE		2.55		-	.61	.36		
LIBANON	3	6.01	1	33.32	1.17	.94	INFL	.94
LORAINÉ	2	18.95	2	12.22	.84	.77	.42	.38
MAGMA		-	1	100.00	na	.08		.08
PR BRAND	1	31.10	1	31.43	4.11	2.20	4.11	2.20
PR STEYN	1	38.09	1	36.61	1.81	2.38	1.81	2.38
RANDFONTÉIN	1	25.30	1	30.00	1.20	2.72	1.20	2.72
S A LAND	1	15.00	1	44.12	.53	.15	.53	.15
SAAIPLAAS	1	34.90		-	.46	x	.46	
SIMILKAMEEN		-	1	100.00	na	.06		.06
ST HELENA	2	23.74	2	22.09	2.62	1.27	1.31	.63
STILFONTÉIN		.08		-	1.50	1.13		
TELFER		x	1	70.00	x	.28		.28
UNISEL		.99	3	5.32	x	.85		INFL
VAAL REEFS	1	26.91	1	27.39	6.30	7.35	6.30	7.35
VENTERSPOST		.68	1	31.28	.79	.56		.56
VLAKFONTEIN		-	1	30.00	.37	.09		.09
WELKOM	1	30.03		59.49	1.44	x	1.44	
WEST AREAS	1	13.87	1	11.43	2.32	1.67	2.32	1.67
WEST DEEP	1	42.35	1	48.64	4.90	3.62	4.90	3.62
WEST DRIEFON	3	15.15		x	6.49	x	INFL	
WEST HOLD	1	28.99	1	62.00	4.13	3.68	4.13	3.68
WINKELHAAK	3	9.26	3	10.90	1.53	1.34	INFL	INFL

Ownership per December 1984. Production of 1983.

x not in production

na not available

TOTAL 37.44 46.13

Table 5

## Distribution of Anglo group holdings (per cent) in one gold mining corporation (Western Deep Levels Ltd) in 1975 and 1984.

AAC AAC	11.18	29.40	+18.22
AAC AMGOLD	13.24	12.95	-0.29
AAC DE BEERS	2.68	2.65	-0.03
AAC RANSEL	15.25	x	
CGF GFSA	5.4	3.51	-1.89
CGF NEW WITS	na	0.13	
TOT	42.35*	48.64	+6.29

x Ransel was absorbed by AAC in 1977. \* CGF group corporations not included.

Sources: RMG data.

## Control classes in Table 4:

- 1 Full control. All production in col »Gold prod» transferred to col »Controlled share».
- 2 Partial control. Half of the production in col »Gold prod» transferred to col »Controlled share».
- 3 Influence. No production transferred
- 4 As class 2, but a third of the production transferred.

The control classes are determined on the basis of ownership share, management and board representation.