

GOING FOR GOLD ON THE TIBETAN FRONTIER

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In 2025 China is hungrier than ever for gold, as an abiding holder of accumulated wealth, in a time when even the biggest Chinese real estate builders, tech entrepreneurs, exam coaching, and other industries, can go broke in a blink. The focus is on the copper, and on the hydro dams that power its extraction from remote Tibetan mountain sides, and the copper cables that transmit electricity from Tibetan rivers to far distant Chinese industrial hubs. Yet, in Tibet, these deposits are consistently polymetallic, usually bearing not only copper but extractable and profitable molybdenum, silver and gold. The quantum of gold may be small, but not its value.

Photo credit: Nomita Drall

By weight, the gold in Tibetan mining sites is small. What drives investment and extraction is the copper, essential to every “clean, green” technology you can think of. Yet, given the price of gold, the weight of the extractable gold, delivered in the same smelting process that pours off molten copper, is not the point. The quantum of gold may be small, but not its value. In 2025 China is hungrier than ever for gold, as an abiding holder of accumulated wealth, in a time when even the biggest Chinese real estate builders, tech entrepreneurs, exam coaching, and other industries, can go broke in a blink.

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mountain sides, and the copper cables that transmit electricity from Tibetan rivers to far distant Chinese industrial hubs.

Yet, in Tibet, these deposits are consistently polymetallic, usually bearing not only copper but extractable and profitable molybdenum, silver and gold. It’s a package, while the other elements buried in the earth are all classified as waste, to be dumped in a tailings dam.

Store of Value

The more turbulent the world becomes, the more the wealthy turn to gold, even if—as in 2023—the price continues to rise. As China weathers “changes

not seen in a century”, demand continues to rise, largely because other sure-fire, ever rising, reliable investments, such as real estate, turned out to be as cyclical as any other asset class, anywhere worldwide, hence the rush to gold by China’s superwealthy, the classic strategy of portfolio hedging when the seas are rough.

The World Gold Council, guardian of gold as the best of investments, says in its 2024 outlook: “This time around there are two additional factors in gold’s favour: Geopolitical risks abound. In 2023 there were two significant event risks – the SVB [Silicon Valley Bank] failure and the Israel-Hamas conflict. Geopolitics added between 3% and 6% to gold’s performance.”

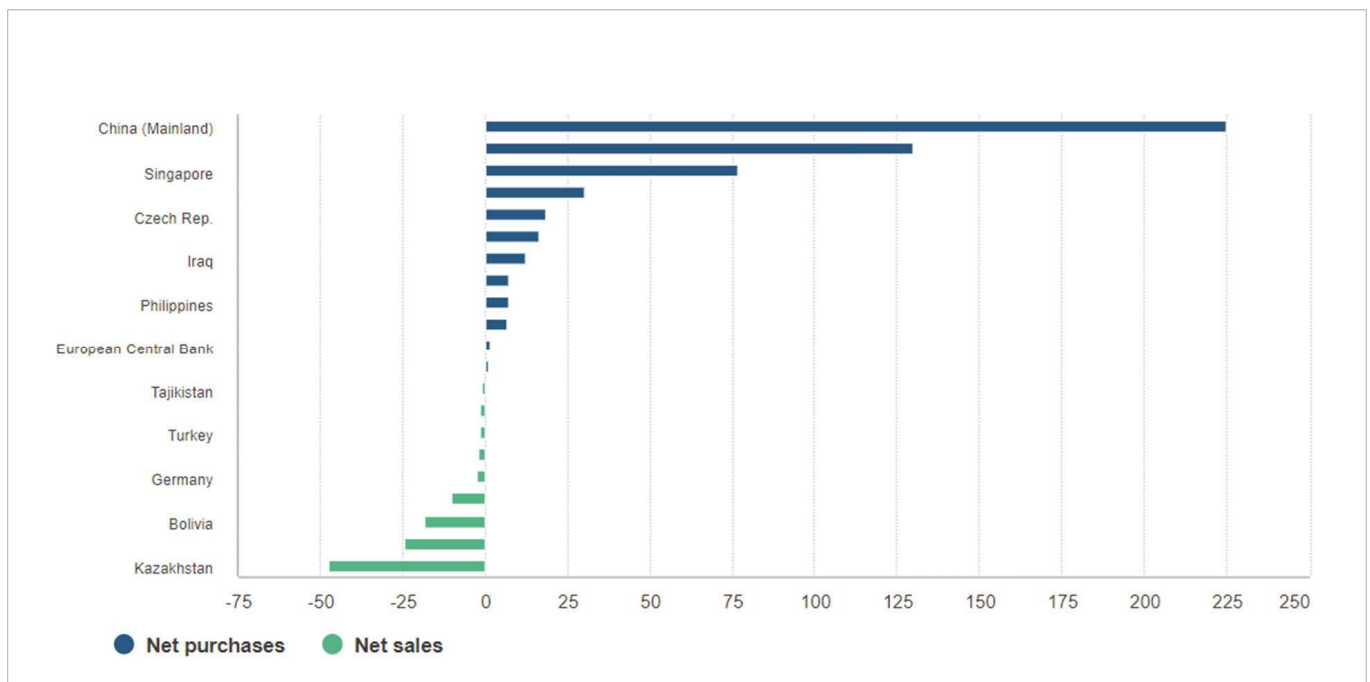
The World Gold Council has more good news out of China: “Gold also benefited from its increasing appeal to consumers as they sought value preservation. Surveys from the People’s Bank of China (PBoC) show that the saving intentions of households hovered around record highs in 2023 and this benefited gold, given its long-held status as a store of value. ...This gold price strength was especially

appealing given the disappointing performance of other domestic investments, notably property and equities: local stock markets generated negative annual returns, with the Shanghai Composite index dipping to a one-year low in October. Meanwhile, the PBoC’s continued run of 14 consecutive monthly additions cemented public opinion around the value of gold as an investment asset. Extensive coverage by local media, sparked by the above factors, also contributed to the rising popularity of gold bars and coins during the year, while year-end gifting demand likely provided an additional boost in Q4.”¹

Not only did China’s superwealthy pile into gold in 2023, so too did China’s central bank, at a time when many central banks were downsizing their holdings of gold (see Figure 1).

Gold is the ultimate in fungibility, always has been. In some of the most expensive cities worldwide, where real estate prices have not crashed, such as Vancouver or Sydney, even at 2024 prices, 12 to 15 kilos of gold in your luggage will buy you a good house, on the spot. So valuable is gold, and so rarely found in quantity in nature, gold mined

Figure 1: **Buying by central banks – annual net gold purchases (sales by country, tons)**



Source: IMF IFS, respective central banks, World Gold Council.

historically is recycled more than any other metal, and China is in the market for recycled gold. But China seeks more and more gold, preferably from secure geographies under China's total control, gold mountains the world accepts as China's domestic affair, securitized by the dominant presence of China's colonization.

China has had many reasons for assuming that Tibet is its new gold mountain, starting with modern China's name for Tibet—Xizang—which means the Zang people of the west, and also the treasure house to the west.

That too is an assumption, which has taken many decades of geological exploration to quantify.

What China's geologists consistently say is that, in long bands that stretch right across the entire Tibet Plateau, deposits of copper, molybdenum, silver and gold are found together. So many such polymetallic deposits have now been mapped, China has many choices as to where to mine next.

In all these deposits, by tonnage copper is the biggest, but silver and gold come with the copper, and are readily poured off as molten liquids that naturally separate while liquid, with high levels of purity. This makes the gold intrinsic to copper production, not an add-on.

Further the gold is often in its highest concentrations at the top of the deposit, which can matter a lot in calculating a business case for mining. Since it costs a lot to build a mine, and takes years, the capital—usually borrowed—is tied up for years, and a quick profit means quick repayment of loans. This is where the gold comes in.

Gold with Chinese Characteristics?

But why is China so hungry for gold? For starters, two-thirds of global demand is driven by jewelry—and China's goldsmiths are enjoying something of a renaissance. This is thanks, in part, to a new trend called *guochao*, or “China Chic” (国潮), which pairs gold with crafts and iconography celebrating

Chinese history and culture.

“The surge in interest has led Chinese consumers to gravitate towards Chinese jewelers who can align with their preferences and cater to their needs,” says Ming Yii Lai, a strategy consultant at Daxue Consulting, “especially those seeking pieces that reflect and celebrate their cultural heritage.”

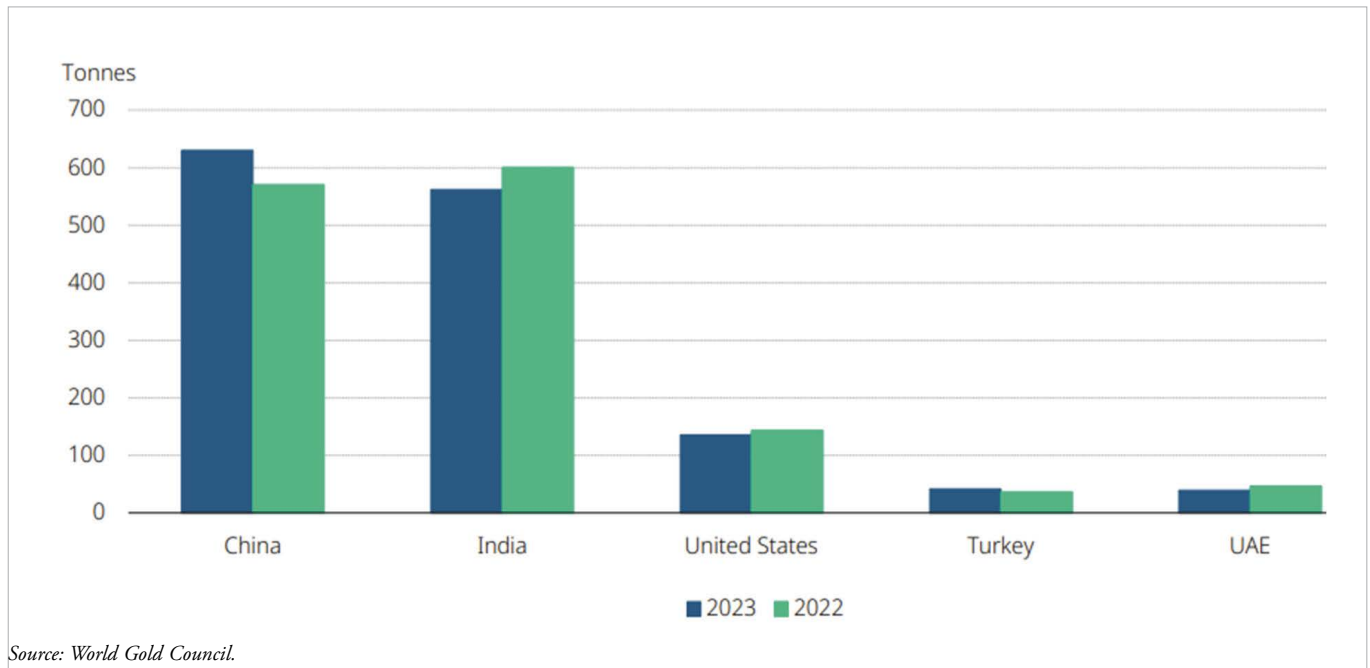
Chinese demand for gold jewelry rose 10 percent in 2023, according to the World Gold Council (see Figure 2).² But Chinese consumers are also turning to gold as a safe way to store value. As China's economy has slowed and its stocks have stuttered over the year, demand for gold bars and coins leapt 28 percent.³ With the country's housing market set to drag, explains Claudio Wewel, a foreign exchange strategist at Swiss bank J. Safra Sarasin, “safe havens such as gold have a relative edge. With capital controls in place,” he says, “Chinese investors have fewer opportunities to diversify their investments than private investors in developed markets.”

For any other metal, China's argument is that it is the world's factory, in need of reliable, securitized flow of raw materials. Gold does have industrial uses, but overwhelmingly is valued because it is valuable, beautiful, a public marker of success, especially when fashioned into *guochao*, gold with Chinese characteristics, literally national wave or national tide.

China's Communist Party repeatedly bans ostentatious displays of wealth, especially by CCP members, but nationalistic bling is patriotic. China's official Xinhua news agency never tires of advising Chinese readers that now is a good time to buy gold, especially if the jewelry design incorporates elements of China's excellent cultural traditions.⁴

The 2023 Jewellery Consumption Trend Survey Report, completed by multinational market research institute Ipsos Research, shows that 91 percent of Chinese respondents tend to buy jewelry featuring Chinese cultural heritage, and about half of Chinese respondents associate jewelry with

Figure 2: **China overtook India in 2023 – top 5 countries annual gold jewelry demand (tons)**



traditional Chinese cultural elements with beautiful symbolism and exquisite craftsmanship.⁵

Policing Tibet and its Treasure

An inventory of the treasures of Tibet is now possible, given the thoroughness of three dimensional deposit mapping.

For the Gyama mine, “By the end of 2022, the Jياما project had witnessed the discovery of over 11×10^6 tons of Cu, over 1.07×10^6 t of Mo, 1.75×10^6 t of Pb and Zn, 305 t of associated Au, and 15840 t of associated Ag, making it a world-class giant deposit.”⁶ That’s 11 million tons of copper, just over one million tons of molybdenum, 1.75 million tons of lead and zinc, 305 tons of gold and 16,000 tons of silver.

If the full extractable tonnages are captured, total revenues (at March 2024 prices) add up, over the life of the mine, to copper sales of \$94.16 billion, \$5.14 billion for molybdenum, \$4.1 billion for lead and zinc, \$21.35 billion for gold, and \$12.4 billion for silver sales. The two precious metals, silver and gold, add enormously to the revenue stream.

Yet China’s acquisitive extractivism, driven not only by industrial demand for critical minerals but also by consumer desire for patriotic golden bling, is not a simple story.

Despite China’s conquest of Tibet in the 1950s, and the geological exploration teams gradually piecing together a scientific story, in the intervening decades Tibet was a wild west, beyond the frontier, almost lawless, with the state present only occasionally, a geography raped and robbed by gold hungry miners small in scale but rapacious in methods. The 1980s and 1990s especially were decades of ruthless exploitation by poachers, hunters, alluvial gold dredgers, with no concern to protect streambeds, grasslands, wildlife, alpine deserts or any of the landscapes where they roamed freely, in the absence of any policing of China’s laws against wildlife slaughter and trashing the uppermost streams of “China’s Number One Water Tower.”

When Tibetans are so distraught at China’s intrusions into their lands, that local cadres cannot quell their distress, the problem escalates, the national security state swings into action, deploying maximum force. This is readily done, as there is a

garrison of troops on the edges of every Tibetan town, and contingents of the Peoples Armed Police (PAP), who routinely train for riot control. Their quick deployment usually succeeds in dispersing even the most determined Tibetan protesters, who know from experience that once Tibetans are arrested and beaten up, they will stay in the cells until they confess. In the Chinese system, there is little pressure on the police to search for evidence of criminal behavior, or lay charges other than vague offences such as “picking quarrels and stirring up trouble.” It is up to the prisoner to confess to specific acts, at specific times and places, even if it takes a long time to grind prisoners to submit.

The job of the PAP is to overwhelm any dissent, by displaying such force that resistance is pointless. However, the PAP do not just stand by in their garrisons, awaiting trouble. Many PAP bases are in frontier regions, or beyond any effective frontier within which the state is present, on the ground, with all national ministries employing local staff, who become a functioning local government. In districts where PAP and PLA are the only personnel of state power, they have considerable freedom to imprint the state onto remote landscapes, and make money from it.

Like the semi-military *bingtuan* (Xinjiang Production and Construction Corps) to the north of Tibet, the PAP runs many businesses, and functions as the advance guard of various national ministries tasked with making frontier regions pay for their alien rule by occupying forces. For many decades the PAP formally had a Gold Troop, a corps specifically tasked with the heroic frontier construction effort to find new gold fields, and extract it. The PAP Gold Troop was nominally under the control of the Ministry of Metallurgical Industry, but in practice was a law unto itself. Its responsibilities encompassed conducting geological surveys for gold and other precious minerals, securing gold mines, and mining gold in remote and challenging locations. Additionally, when required, the Gold Troop, like all other PAP units, is expected to serve as emergency responders in addressing internal

security issues. The unit was given an initial mission to conduct a national survey and produce 150 tons of gold by the end of 1985.⁷ In addition to gold, the unit’s mission also covers nonferrous metals like copper and lead. Their target areas include the Xinjiang Uygur Autonomous Region, the Tibet Autonomous Region, Qinghai Province, and the Greater Hinggan Mountains. Producing 150 tons of gold might sound like a modest output, but (at 2024 prices) that adds up to USD 10.5 billion.

The PAP Gold Troop has its own technical school and geological research institute. Since its establishment to 2012, the GT has completed 1,600 geological surveys and found more than 200 gold deposits of various sizes totaling 1,851.581 tons.⁸ Although second in total known deposits, China has led the world in gold production for close to a decade, due in large part to the Gold Troop.⁹

In practice, the PAP Gold Corps *huangjin budui*, 黄金部队 ran its own mines, with little effective oversight. When Tibetans protest against gold mining, the PAP has a direct vested interest in imposing maximal shock and awe, to intimidate protesters who might interfere with PAP profitable enterprises. This, like the *bingtuan* in Xinjiang, is an ancient and embedded strategy for making remote frontier districts Chinese.

Following reforms in 2018, the Gold Corps was placed more firmly under the control of the Ministry of Natural Resources.¹⁰ The PAP also had its own hydropower force [*shuidian budui*, 水电部队], which managed hydroelectric dams, again a direct stake in making money by generating electricity, a further reason for crushing Tibetan dissent. This hydro corps is also, since 2018, nominally under civilian control.

Did the PAP in practice surrender its effective ownership and operation of gold mines and hydro dams? Did state ownership by civilian ministries change anything?

The official version is they did this difficult frontier

construction work solely for patriotic reasons: “He has helped discover reserves worth millions of dollars for a monthly salary of about 4,000 yuan (\$629).” “It’s not about the money,” Zhang, a platoon leader for the Gold Mining Unit, said. “It’s the pride I get from doing my duty that keeps me going.” “Generally,” chief engineer Zhang said, “the less developed the location, the higher the chance of precious metals being discovered.”¹¹

Frontier Construction Theory

China, both collectively and individually, is about the money. Frontier construction theory is about not only money, but the long term process of making Tibet China’s, transforming an empire under alien rule into Chinese landscapes where, on the periphery, extractive enclaves supply industrial China with the raw materials essential to national strength, prosperity, and worldwide domination of markets for all manufactured goods.

According to frontier construction theory, the peoples and the lands of the frontiers are gradually absorbed, assimilated, put to use as factors of production that turn public goods, such as Tibet’s abundant sunshine and mountain river flow, into monetizable natural capital, for capture and export to lowland China. The era of the heroic shock troops of the PAP Gold Corps is now eclipsed by other players, usually state owned, entering Tibet. The new entrants are extraction specialists, whether state-owned hydro dam builders such as Huadian, or state-owned miners such as Zijin.

The PAP Gold Corps was tasked with finding other industrial metals as well, according to *China Daily* in 2012: “More than 10,000 troops survey the nation in search of precious and nonferrous metals, such as copper, lead and zinc.” In Tibet, deposits usually contain several profitably extractable metals. But extraction on an industrial scale, designed from the outset to fully exhaust a deposit, is far too capital intensive for a Gold Corps of heroic frontier pioneers or ‘soldiers of fortune’, as *China Daily* called them.

For Beijing, the great advantage of the new operators is scale. Gone are the days when the target of the PAP Gold Corps was simply 150 tons of gold. Now, the gold is extracted along with the copper, molybdenum and silver, all concentrated in the “superlarge polymetallic” deposits of Tibet, right across the plateau, from west to east. What China now wants is systematic exploitation, not just the low hanging fruit of rock outcrops that bear gold.

Author –

Gabriel Lafitte has spent years living with Tibetans, in exile and in Tibet. Based in Australia, he researches the impacts of Chinese policies on the Tibetan Plateau, and regularly trains young Tibetan environmentalists and advocates. Decades of immersion in Tibetan culture, and a dozen journeys around China, have given him an insider/outsider perspective on two great civilizations in conflict. He is an experienced public policy adviser with expertise in development, biodiversity and resource management. He has authored numerous reports, submissions and a 2006 book on the Dalai Lama’s teachings ‘Happiness in a Material World’. He has also authored the only book in English on mining in Tibet, <https://www.bloomsbury.com/au/spoiling-tibet-9781780324357/> (in print).

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