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Miami is a magnet for gold

Few people realize it is one of the hubs for the nation's gold trade. Last year, gold for the first time was both the top import and export from the Miami Customs District.

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The Miami Herald

MIAMI — Small gold bars glow red hot as they melt and mix together in a crucible. Then the molten gold is poured into a mold to form a larger bar that will undergo a complicated fire assay process, determining its purity.

On any given day in the downtown Miami office of Kaloti Metals & Logistics, a gold and precious-metals trading house, millions of dollars' worth of gold arrives, is melted, formed into bars, assayed and shipped out.

Last year, the company handled 22 tons worth nearly \$1 billion and is on its way to surpassing that in 2013.

Although Miami may have a reputation for glitz and bling, few people realize it is one of the hubs for the nation's gold trade.

Last year, gold for the first time was both the top import and export from the Miami Customs District, which includes airports and seaports from Palm Beach County to Key West. But the reality is most of the gold entered and left via Miami International Airport.

More gold arrived in Miami than any other U.S. customs district last year, and the district ranked third in outbound shipments of gold.

The most common routes take the glittery metal from mines in Colombia, Mexico, Bolivia and Peru and the gold-trading center of Curacao, to Miami and on to Switzerland, the United Arab Emirates and the Dominican Republic.

South Florida is home not only to one of the largest precious-metal refineries in North America — Republic Metals in Opa-locka — but it's also a hub for bullion trading as well as assaying, refining, logistics and financing operations.

Kaloti, in Miami's jewelry and diamond district, opened for business a little more than two years ago. It has a strategic affiliation with Kaloti Jewellery Group, a Dubai firm in the precious-metal business for more than 25 years.

Kaloti Metals, which employs 15 people, gets its gold from a number of sources, but it's a far different operation from the companies that advertise on television that they will buy your old gold jewelry.

It does buy scrap gold — mainly from pawn shops in New York, Miami and Chicago — but the bulk of its business is with traders in Peru, Bolivia, Puerto Rico, Honduras, Nicaragua and Curacao — where many gold consolidators who deal with South and Central American countries are.

On July 15, Kaloti Metals opened a representative office in Peru, the world's sixth-largest gold producer.

Throughout history the quest for gold may have moved empires, but there's nothing very glamorous about the way Kaloti ships its gold. Bars and ingots are placed in buckets that Kaloti purchases from Home Depot, and the buckets are placed inside bags that are sealed multiple times for security.

Nearly all the gold processed at Kaloti Metals is sent via air to Kaloti Jewellery, which has a refinery with a 300-ton capacity in Dubai.

From January to May, \$468.2 million worth of gold and gold products, including gold-plated jewelry, were sent from the Miami district to the United Arab Emirates, up from \$201.6 million for the similar period in 2012, according to an analysis done for The Miami Herald by Datamyne, a Miami company that has the largest searchable trade database in the world.

But last year and so far this year, most of the gold exported from Miami went to Switzerland, with its legendary vaults to park gold and its tradition of first-rate metal refineries.

From January to May of this year, \$1.8 billion worth of gold and gold products were sent to Switzerland from Miami, but exports are declining.

Last year, gold and gold products exports to Switzerland were valued at \$3.07 billion for the January-to-May period, according to Datamyne.

"By value, gold exports and imports have really shot up in the past few years. It's basically gold that is transported from the mines in Latin America to Switzerland," said Gabriel Rodriguez, president of A Customs Brokerage.

As the recession took hold in 2008 and short-term investors began flocking to the relative safety of gold, it pushed up the price for a troy ounce of gold from \$871.65 that year to an all-time high of more than \$1,900 in late August and September 2011.

The price has been trending down since.

On Tuesday, gold futures for December delivery settled at \$1,335 an ounce.