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8 February 1956

MEMORANDUM FOR: Economic Defense Intelligence Committee

FROM : Acting Executive Secretary, EDIC

SUBJECT : Soviet Gold Sales in Free World Markets,
January-June 1955.

REFERENCES : EDIC Case No. 11, 28 September 1955;
EDIC Intelligence Request No. 15, 9 September 1955.

1. The attached working paper has been prepared by CIA in response to the request of the Economic Defense Intelligence Committee for semi-annual reports on Soviet Bloc sales of gold in Free World markets.

2. This paper is circulated to EDIC members for review and comment.

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Acting Executive Secretary

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14 December 1955

Soviet Gold Sales

January - June 1955

Summary

Soviet gold sales in Free World markets during the first half of 1955 are estimated at \$62 million as compared with \$92.6 million during all of 1954. A sharp decline in sales in the second half of 1955 is already evident.

Estimated Soviet Gold Sales in Free World Markets ^{1/}
1953 - 1955

(In millions of US dollars)

<u>Year</u>	<u>Total</u>
1953	150.0 ^{2/}
1954	92.6
1955 (Jan-June)	62.3

In addition to the above, Soviet gold deliveries to Finland and Iran amounted to approximately \$14.9 million in the first six months of 1955, and gold valued at about \$5 million was shipped to Finland in June 1954 in partial settlement of the 1954 Finnish trade credit.

^{1/} Includes European Satellites. Possible unrecorded gold sales through the Near and Far Eastern markets have not been included in the above computations.

^{2/} As reported in ED/EC D-80/39 of 10 November 1954, this figure was accepted by an interagency working group as the minimum estimated amount of gold sold by the Soviets to the Free World in 1953. (Later used in MDAC Fact Sheet #C-3, 25 March 1955). In June 1955 a source close to Samuel Montagu & Co., London, also estimated 1953 sales at \$150 million. Pick's World Currency Report, 3 July 1955, p. 10, estimates 1953 sales at \$131 million.

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Aside from commercial sales, Soviet shipments of gold to the West were augmented during the first half of 1955 when the USSR delivered a total of 13.2 tons (valued at approximately \$14.9 million) to Iran and Finland. This included the shipment of 11 tons of gold to Iran in June 1955 pursuant to an Iranian-Soviet agreement concluded in December 1954 which provided for settlement of Iranian claims against the USSR arising out of the World War II occupation of Iran by Soviet troops. The transfer to Finland comprised a drawing of about \$2.5 million in value against the Russian gold loan of 40 million rubles granted to the Finns on 24 January 1955.

Future supplies of gold from the USSR will continue to be an incalculable factor in Free World gold markets since the shipments apparently depend primarily upon Soviet willingness to use gold to meet planned or unplanned deficits in trade and other payments on Western markets. Present trends, however, give evidence of a favorable Soviet balance of trade with the Free World for 1955 and consequently little, if any, increase in Soviet gold sales to the West.

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