

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 [REDACTED]

[REDACTED] 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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Discussion

The bulk of USSR gold exports continues to be sold on the London gold market. Exports of Soviet gold bullion to the United Kingdom during the first half of 1955 are comparable in volume to Soviet gold exports during the first six months of 1954. The sharp decline in Soviet shipments already evident in the second half of 1955 recalls the sudden cessation of Soviet gold exports after June 1954.

Imports of USSR Gold Bullion by the United Kingdom ^{a/}
(In millions)

	<u>1954</u>		<u>1955</u>	
	<u>Troy Ounces</u>	<u>US Dollars</u>	<u>Troy Ounces</u>	<u>US Dollars</u>
Jan-Jun	1.3	44.8	1.4 ^{b/}	47.6 ^{b/}
Jul-Dec	None		Not available	

^{a/} As officially reported in the House of Commons and in Parliament in July 1955.

^{b/} Imports in the second quarter of 1955 amounted to 1.2 ounces, equivalent to \$42.0 million compared to 0.16 ounces in the first quarter of 1955, or \$5.6 million.

In addition to the \$47.6 million of gold bullion sold on the London market during January-June 1955, it is reliably reported that an Anglo-Swiss banking group purchased six tons of Russian gold in April 1955 valued at \$6.8 million. Participants in this group are probably the Union Bank of Switzerland (Schweiz. Bankgesellschaft) in Zurich and Samuel Montagu & Co., Ltd., London. These firms are reported to have a working agreement relating to gold purchases from the USSR. Soviet sales of gold on the Paris market early in 1955 are reported in the amount of \$7.9 million. The figure of \$62.3 million for total Soviet commercial shipments during the first six months of 1955 appears realistic

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S-E-C-R-E-T

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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