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S-4454

6 July 1972

MEMORANDUM FOR:

SUBJECT : Soviet Platinum and Palladium

In response to your request of 26 June, directed to we have prepared the attached data on the Soviet platinum and palladium industry, including three tables, for transmittal to the Environmental Protection Agency (EPA). This information is classified SECRET and is intended for use by officials in EPA only

Attachment:  
As stated above.

CIA HISTORICAL REVIEW PROGRAM  
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## Soviet Platinum and Palladium

### Resources

1. Reserves of platinum and palladium in the USSR are estimated to be about 190 million troy ounces -- the largest in the world. Soviet reserves account for about 25% of the world's known reserves of platinum and 65% of palladium. These metals are obtained principally as co-products from processing copper-nickel ores at the Noril'sk Combine.<sup>1</sup> Extension of present ore deposits and discovery of new deposits at nearby Tal'nakh have insured a potential high output for many years. The copper-nickel facilities at Monchegarsk and Pechenga on the Kola Peninsula also recover platinum and palladium. Placer deposits in the Urals represent another, although minor, source of platinum-group metals.

### Production and Trade

2. In 1970 the USSR produced about half of total world output of platinum and palladium. Production of platinum, 660,000 ounces, was about one-third of world total and palladium production, 1,320,000 ounces, was about two-thirds of world output.

3. The USSR has been a major supplier of platinum and palladium to the non-Communist world for many years. Exports of these metals to the US during 1965-70 totalled about 2.1 million ounces, of which 1.95 million was palladium. Imports of palladium from the USSR comprised about 84% of new supply in the US during that period, whereas, imports of platinum accounted for only 5% of new supplies.<sup>2</sup> (See Tables 1 and 2.)

### Marketing Policy

4. In the past, the Soviets have speculated in the international platinum market to take advantage of the difference between "spot" or free market prices and producer prices (sometimes as much as \$40.00/ounce). Although annual amounts sold remained fairly steady, the marketing practice of sporadic sales only during periods of high price level has caused concern on the part of buyers about the reliability of Soviet supplies of metal. More recently, the Soviets have changed their sales tactics and

1. The platinum group metals contained in these ores are distributed as follows: palladium 60%, platinum 30%, rhodium, ruthenium, osmium and irridium 10%.

2. New supplies include imports and domestic production of primary and secondary metal. On a year-to-year basis, total supply includes new supply plus amounts held in industry stockpiles.

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have shown interest in selling platinum to US corporations on a long term contractual basis, at or below market prices, probably due to the increased competition in the platinum market. This move is an apparent effort to establish themselves as an alternative source to South Africa which is presently the source of most US platinum. In addition, the Soviets have indicated a desire to significantly increase amounts of platinum available for export to the US. The USSR could significantly increase the level of platinum exports in response to increased demand.

5. The Soviets have not exhibited a similar desire to enter into long term contracts to export palladium. This is probably due to the fact that they presently control about 70% of world supply and can virtually set the world price by manipulating supply and demand.

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Table 1

US Platinum Supply  
(troy oz. x 1,000)

|   | 1965       | 1966       | 1967         | 1968       | 1969       | 1970         |
|---|------------|------------|--------------|------------|------------|--------------|
| Components of US Supply                 |            |            |              |            |            |              |
| Refinery Production                     | 11         | 18         | 7            | 5          | 9          | 8            |
| Secondary Refined                       | 51         | 47         | 121          | 111        | 122        | 109          |
| Imports                                 | 375        | 360        | 466          | 492        | 526        | 564          |
| New Supply                              | <u>437</u> | <u>425</u> | <u>594</u>   | <u>608</u> | <u>657</u> | <u>681</u>   |
| Industry Stockpiles                     | 379        | 423        | 460          | 328        | 323        | 371          |
| Total Supply                            | <u>816</u> | <u>848</u> | <u>1,054</u> | <u>936</u> | <u>980</u> | <u>1,052</u> |
| Imports from USSR                       | 74         | 12         | 4            | 5          | 14         | 69           |
| USSR Imports as Percent of New Supply   | 17         | 3          | 1            | 1          | 2          | 10           |
| USSR Imports as Percent of Total Supply | 9          | 1          | Negl.        | 1          | 1          | 7            |

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Table 2

US Palladium Supply  
(troy oz. x 1,000)

|   | 1965         | 1966         | 1967         | 1968         | 1969         | 1970         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Components of US Supply                 |              |              |              |              |              |              |
| Refinery Production                     | 23           | 30           | 8            | 5            | 8            | 12           |
| Secondary Refined                       | 48           | 48           | 204          | 190          | 220          | 198          |
| Imports                                 | 735          | 902          | 737          | 1,165        | 632          | 774          |
| New Supply                              | 806          | 980          | 949          | 1,360        | 860          | 984          |
| Industry Stockpiles                     | 318          | 427          | 575          | 461          | 394          | 609          |
| Total Supply                            | <u>1,124</u> | <u>1,407</u> | <u>1,524</u> | <u>1,821</u> | <u>1,254</u> | <u>1,593</u> |
| Imports from USSR                       | 301          | 363          | 111          | 420          | 417          | 333          |
| USSR Imports as Percent of New Supply   | 37           | 37           | 12           | 31           | 48           | 34           |
| USSR Imports as Percent of Total Supply | 27           | 26           | 7            | 23           | 33           | 21           |

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Table 3

Production of Platinum and Palladium in the USSR, 1965-71

|           | 1965         | 1966         | 1967         | 1968         | 1969         | 1970         | 1971         |
|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Platinum  | 510          | 540          | 570          | 600          | 630          | 660          | 690          |
| Palladium | <u>1,020</u> | <u>1,080</u> | <u>1,140</u> | <u>1,200</u> | <u>1,260</u> | <u>1,320</u> | <u>1,380</u> |
| Total     | 1,530        | 1,620        | 1,710        | 1,800        | 1,890        | 1,980        | 2,070        |

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