

19785

~~TOP SECRET~~

CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED  
1999

No. Pages 25

Copy No.

25 May 1964

Economic Intelligence Report

OUTLOOK FOR THE SOVIET GOLD POSITION



CIA/RR ER SC 64-1

CENTRAL INTELLIGENCE AGENCY  
Office of Research and Reports

~~GROUP 1  
Excluded from automatic  
downgrading and  
declassification~~

~~TOP SECRET~~

This document contains classified information affecting the national security of the United States within the meaning of the espionage laws, US Code Title 18, Sections 793, 794, and 798. The law prohibits its transmission or the revelation of its contents in any manner to an unauthorized person, as well as its use in any manner prejudicial to the safety or interest of the United States or for the benefit of any foreign government to the detriment of the United States.

~~TOP SECRET~~

FOREWORD

This report deals primarily with developments in the Soviet gold position since 1960. A more detailed description of the Soviet position before 1960 is given in

~~TOP SECRET~~

**BLANK PAGE**

~~TOP SECRET~~

CONTENTS

	<u>Page</u>
Summary and Conclusions . . . . .	1

~~TOP SECRET~~

~~TOP SECRET~~

Illustrations

Page

~~TOP SECRET~~

~~TOP SECRET~~

OUTLOOK FOR THE SOVIET GOLD POSITION\*

Summary and Conclusions

By the first of July 1964, Soviet reserves of gold probably will have been reduced to a level of about \$1.4 billion. \*\* Reserves of this amount will be the lowest since 1938, and although Khrushchev has taken a far more relaxed attitude than Stalin toward depletion of Soviet gold stocks, they may now be approaching a level that the leadership considers minimal as a hedge against future contingencies. Sales of gold during the first half of this year will exceed \$500 million and will require withdrawals from gold reserves of roughly \$440 million by mid-June. Further reductions in the second half of the year will not be significant, however, unless there is an increase in the level of Soviet foreign payment obligations that cannot be foreseen at this time.

In spite of the accelerated decline in Soviet reserves -- from \$2.2 billion at the end of 1962 to \$1.4 billion by July 1964 -- the USSR has given no evidence that it intends to initiate a crash program to expand domestic production of gold. Although there have been exhortations of various kinds, there are no indications that concrete measures have been taken to raise significantly earlier production goals for 1964 and 1965. Present plans call for modest increases in output and are little different from plans that were established before the need for heavy drains on Soviet gold reserves became apparent.

The plan for production of gold in 1964 and 1965 is believed to be \$189 million and \$202 million, respectively, representing gains of \$10 million and \$13 million above the preceding year. These increases will not exceed the average gains achieved during the first 5 years of the Seven Year Plan (1959-63) and in fact are smaller than the annual gains achieved several times during this period. This suggests that as yet no decision has been made to increase production drastically at least before 1966. It is believed that the USSR is not instituting an all-out campaign to increase significantly the planned level of gold output, largely because of the continued overriding concern of Soviet planners with the high costs of production.

\* The estimates and conclusions in this report represent the best judgment of this Office as of 1 May 1964.

\*\* Dollar values are given in current US dollars throughout this report.

~~TOP SECRET~~