

Message Text

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PAGE 01 BERN 04755 251033Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 OMB-01 NSC-05 SS-15 STR-07 CEA-01 PA-01
/087 W

-----046030 251328Z /45

R 250930Z SEP 78
FM AMEMBASSY BERN
TO SECSTATE WASHDC 6961

C O N F I D E N T I A L BERN 4755

PASS TREAS

EO 11652: GDS
TAGS: EFIN, SW
SUBJ: RUSSIAN GOLD SALES VIA SWISS BANKS LIKELY
TO TOP 350 TONS

1. SUMMARY: RUSSIAN GOLD SALES VIA SWISS BANKS
EXPECTED TO SURPASS 350 TONS FOR 1978. ALL GOLD
DELIVERED BY RUSSIANS IN ZURICH IS 999.9 PURITY.
ONE EUROPEAN CENTRAL BANK CURRENTLY HOLDS 27 TONS
WITH INDIVIDUAL SWISS BANKS. END SUMMARY.

2. SENIOR SWISS BANKER RESPONSIBLE FOR HIS BANK'S
GOLD DEPTTOLD FINATT THAT RUSSIAN GOLD DELIVERY
VIA KLOTEN AIRPORT ZURICH REACHED 65 TONS IN AUGUST,
INDICATING RUSSIAN SALES FOR 1978 WILL LIKELY SURPASS
350 TONS, THE FIGURE HE IDENTIFIED AS RUSSIAN SALES
DURING 1977. THE AUGUST FIGURE REPRESENTS AN UPTURN
IN SALES FOLLOWING A PERIOD IN EARLY 1978 WHEN
RUSSIANS WERE OUT OF THE MARKET. ALL GOLD DELIVERED
BY RUSSIANS IN ZURICH IS 999.9 PURITY. HE SAID
MARKET QTE SATURATED UNQTE WITH THIS QUALITY GOLD
AND IMPLIED THERE IS AND WOULD BE LITTLE MARKET
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PAGE 02 BERN 04755 251033Z

RECEPTIVITY TO GOLD OF LOWER PURITY.

3. BANKER SAID IT IS COMMON PRACTICE FOR ALL
RUSSIAN GOLD FOR SALE IN THE WEST TO BE PHYSICALLY
DELIVERED IN ZURICH, PARTLY OUT OF TRADITION AND
PARTLY OUT OF CONVENIENCE OF WORKING SALES THROUGH
SWISS BANKS. FOR RUSSIAN GOLD SOLD FOR DELIVERY

IN LONDON OR ELSEWHERE THE SWISS BANKS WORK OUT A SWAP WITH THEIR HOLDINGS THERE AND CHARGE THE RUSSIANS A PREMIUM PER OUNCE. BANKER SAID HE HAD ONE FLIGHT PER WEEK TO LONDON TO RE-STOCK BANK'S STORE OF GOLD THERE.

4. BANKS ALSO SAID THAT ONE EUROPEAN CENTRAL BANK JAD JUST PURCHASED FROM HIS BANK AN ADDITIONAL SUPPLY OF GOLD, BRINGING THIS PARTICULAR CENTRAL BANK'S HOLDINGS WITH HIM TO 27 TONS. WARNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOLD, SALES, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BERN04755
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780391-0971
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780923/aaaaatde.tel
Line Count: 72
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3ae0e446-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1283672
Secure: OPEN
Status: NATIVE
Subject: RUSSIAN GOLD SALES VIA SWISS BANKS LIKELY TO TOP 350 TONS
TAGS: EFIN, SW, UR
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/3ae0e446-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014