Country	Gold Holdings: I In U.S.	Gold Holdings: II Total	Foreign Exchange: III Short-term (official) dollar balances in U.S.	Foreign Exchange: IV Others	Foreign Exchange: V Total	VI Private dollar balances in U.S.	VII Total Gold and Foreign Exchange (official) holdings	VIII Total of Col. VI and Col. VII
Asia								
Afghanistan	33	33 17/	6 2/	N.A.	6	2/ 14/	39	39
Ceylon	-	-	18/	(4/47) 25	25	18/	25	25
China	12	97	182	(est) 47	229	81	326	407
French Indo-China	-	-	6	N.A.	6	3	6	9
Hong Kong	-	N.A.	- 14/	N.A.	14/	43	14/	43
India-Pakistan-Burma	-	274	15	4,591 2/	4,606	40	4,880	4,920
Iran	-	(3/47) 133	2 2/	100 (3/47)	102	9 2/	235	244
Iraq	-	-	1 2/	(10/46) 179 3/	180	2 2/	180	182
Japan & Manchuria	-	206 19/	6	N.A.	6	20	212	232
Lebanon	-	(1/47) 2	4 2/	(1/47) 60 20/	64	6 2/	66	72
Korea	-	-	-	N.A.	N.A.	2/ 14/	N.A.	14/
Netherlands East Indies	115	180	46	14/	46	14	226	240
Palestine	-	-	-	(est) 160 20/	160	16 2/	160	176
Philippine Islands	1	1	405	N.A.	405	66	406	472
Saudi Arabia	-	N.A.	9 2/	N.A.	9	2 2/	9	11
Siam	-	(est) 35	12 2/	(3/46) 40 21/	52	2 2/	87	89
Syria	-	(1/47) 1	2/ 14/	(1/47) 87 20/	87	9 2/	88	91
Unidentified	-	-	- 3	+ 3	-	19	-	19
Total, Asia 22/	161	962	691	5,292	5,983	326	6,945	7,271
Oceania								
Australia	-	(est) 95	24	459 2/	483	20	578	598
French Oceania	-	N.A.	1 2/	N.A.	1	2/ 14/	1	1
New Zealand	-	23	1	248 2/	249	6	272	278
Total, Oceania	-	118	26	707	733	26	851	877
Unidentified and Undistributed	-	-	-	-	-	18	-	18

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	Foreign Exchange III Short-term (official) dollar balances in U.S.	Foreign Exchange IV Others	Foreign Exchange V Total	VI Private dollar balances in U.S.	VII Total Gold and Foreign Exchange (official) holdings	VIII Total of Col. VI and Col. VII
North America								
Canada	-	(est) 315	157	N.A.	157	270	472	742
Greenland	-	N.A.	1/	N.A.	1/	-	1/	-
Newfoundland	-	N.A.	-	-	-	2 2/	-	2
Total, North America	-	315	157	N.A.	157	272	472	744

Gold and Foreign Exchange Holdings of International Institutions
October 31, 1947

(Millions of U.S. Dollars)

	Gold	Dollars	Other Exchange	Total
B.I.S.	28	15	N.A.	43
Int'l. Bk.	-	729	886	1,615
I.M.F.	1,945	1,706	3,527	6,178
Other	-	56	N.A.	56
Total	1,973	2,506	4,413	8,292

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FOOTNOTES:

* This Column, "Other", represents official holdings of foreign exchange other than dollars. In some cases it was necessary to use the latest available data prior to October 31. When data for foreign exchange other than dollars was not available, or when the country reported total foreign exchange holdings less than the amount shown in Column III, Column III was carried over to Column V. In cases where information to the contrary was not available, Column IV was derived by subtracting Column III from Column V.

1/ Excluded are $5 million held in London by Trustees of an Austrian bond issue, and $30 million set aside for Austria by the Tripartite Commission for the Restitution of Monetary Gold.

2/ Deposits in Second Federal Reserve District only and are as of September 30, 1947.

3/ Includes primarily blocked sterling balances.

4/ Exclusive of $104 million distributed by the Tripartite Commission for the Restitution of Monetary Gold, and added to French gold reserves in November.

5/ As of August 31, 1947 for other foreign exchange. Dollar balances as of October 31, 1947.

6/ Gold held by the Tripartite Commission for the Restitution of Monetary Gold at the end of October, 1947. During November the Tripartite Commission transferred $144 million of this gold and set aside an additional $34 million. The Commission has not yet determined the distribution of the remaining gold.

7/ Held as collateral for a loan by the Federal Reserve Banks.

8/ Vatican City holdings excluded.

9/ Exclusive of $4 million set aside in November, 1947 by the Tripartite Commission for the Restitution of Monetary Gold.

10/ Exclusive of $40 million set aside in November, 1947 by the Tripartite Commission for the Restitution of Monetary Gold.

11/ Includes pound sterling and French francs transferred to the Swedish Debt Office.

12/ Exclusive of the holdings of the Bank for International Settlements.

13/ Includes $10 million held as collateral for a loan by the Federal Reserve Banks.

14/ Less than $500,000.

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FOOTNOTES (CONT.):

15/ Includes $21 million held as collateral for a a by the Federal Reserve Banks.

16/ $5 million reported under Tangier is believed belong to Banc de Etat du Maroc, which is considered a French Moroc institution.

17/ As no figure is available on total gold holdi the figure for gold in the United States has been carried in this column.

18/ Included under India, Pakistan, Burma.

19/ Japanese figure includes approximately $62 mlon of gold carmarked by the Japanese Government for Indo-China, 37 Siam, 43.7; Italy, .2; and China, .7.

20/ Note cover for currency.

21/ Includes $22 million held for war claims deduct from $62 million sterling balance in London as reported in Mar, 1946.

22/ Exclusive of Turkey, which is included in E.E. and total Europe sections.

NOTE: Minor discrepancies in the additions due to rounding.

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National Advisory Council
Staff Document No. 225
May 19, 1948

Memorandum To: National Advisory Council Staff Committee

From: The United States Treasury Department

The following study is transmitted to the Staff Committee for its information:

Official Gold and Foreign Exchange Resources
and Private Dollar Balances of Foreign Countries
as of December 31, 1947.

In 1947, because of the unique position of the United States in post-war international trade, the problem of world dollar availabilities became increasingly acute. Foreign gold and dollar holdings were being continually drawn on in order to pay for trade and balance of payments deficits with the United States. Individual countries suffered severe losses and total foreign holdings were less adequate than they appeared to be in the light of raised liquidity requirements in international transactions due to increased trade, the inability of foreign countries to reverse the downward trend, and the relatively low real value of these holdings. In spite of large-scale assistance from the United States and some measure of help from the International Monetary Fund and the International Bank, high post-war foreign demand and low post-war foreign supply, combined with rising prices in the United States and other dollar areas, resulted in the drawing down of the gold and dollar holdings of foreign countries.

The demand for United States exports which continued high during 1947 was the largest single factor influencing the loss. The $11.3 billion deficit on current account (goods and services) of the rest of the world vis-a-vis the United States was principally met by gross sales of gold of about $3.0 billion to the United States, by $7.1 billion of United States governmental and private loans, unilateral transfers and investments, and by a decline of $1.2 billion in total foreign short-term dollar balances in the United States. The $.8 billion supplied to foreign countries by the International Monetary Fund and the International Bank was largely offset by subscriptions to those organizations by countries other than the United States.

Gold and official and private short-term dollar holdings of foreign countries amounted to approximately $17.7 billion on December 31, 1947, a decline of about $4 billion from December 31, 1946. Of this $4 billion decline, $2,802 million represented depletion of gold holdings and $1,225 million was the extent of the official dollar balance loss, while $60 million was gained in private dollar holdings. Offsetting the total decline to some extent was the net increase of $3.2 billion in gold and dollars held by the international organizations, which represented almost entirely the amount subscribed by the United States in 1947. The holdings of international organizations are not included in the $17.7 billion held by foreign countries. Approximately 79 percent of the international organizations' gold and dollars are held by the International Monetary Fund.

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During 1947, along with merchandise and invisible export dollar earnings, there were four principal channels through which dollars were made available to foreign countries. These were United States loans, unilateral transfers and investments, United Kingdom releases to the sterling area and sterling convertibility, foreign gold production, and International Monetary Fund dollar drawing facilities and International Bank dollar loans. The United States made net public and private loans and investments of $4.7 billion and net public and private unilateral transfers of $2.4 billion, and contributed $3.3 billion through government subscriptions to the International Monetary Fund and the International Bank and private purchases of debentures of the International Bank. The United Kingdom made about $2.5 billion available to the sterling area and countries other than the United States, making withdrawals of $2.9 billion under the Anglo-American agreement. Foreign gold production in 1947 amounted to an estimated $.8 billion. Foreign drawings from the International Monetary Fund and loans from the International Bank amounted to about $.8 billion.

The dollars acquired by foreign countries from these sources made possible the maintenance of world trade at a high level and were expended in addition to the drain of total foreign gold and dollar holdings. Individual foreign country reserves were also affected by various gold and dollar payment agreements, net drawings on the sterling area dollar pool, and sterling convertibility. The dollar pool and sterling convertibility constituted a severe net drain on the United Kingdom gold and dollar holdings. Certain European countries were particularly affected by having to furnish dollars to dependencies which normally were net dollar earners and, along with other foreign countries, paying in dollars for commodities and services normally payable in other foreign exchange, and being forced by shortages in their usual sources of supply to purchase increasingly in the United States and other dollar areas.

Official holdings of foreign exchange other than dollars amounted to the equivalent of $9,813 million on December 31, 1947, rising $123 million from the $9,710 million holdings on December 31, 1946. This gain appears to reflect, in part, government acquisition of private foreign exchange holdings other than dollars and a net increase of international payments imbalances. It should be noted that the non-dollar foreign exchange referred to in this report excludes that privately held. In addition, although the data presented above are on a comparable basis for 1946 and 1947, the absence of suitable information in both years has resulted in the omission of the holdings of several countries. It is estimated that almost $14 billion of sterling exchange alone was held officially and privately at the end of 1947.

A few countries have run counter to the prevailing trend, principally raw material producers whose exportable surpluses have enabled them to increase their reserves or support heavy imports from the United States with little or no loss of gold and dollars. There has been little evidence of increased hoarding of gold abroad, at least to the extent noted during 1946.

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European Losses of Reserves

Change in European Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Gold Holdings			Total Short-Term U.S. Dollar Holdings			Total
	1946	1947	Change	1946	1947	Change	Change
Total Europe	10,424	8,968	-1,456	2,476	2,001	- 475	-1,931
ERP Countries	7,373	5,742	-1,631	2,283	1,771	- 512	-2,143
(ERP Cash-payment Countries: Switzerland and Portugal)	(1,863)	(1,670)	(- 193)	(404)	(482)	(+78)	(-115)
Other Europe	3,051	3,226	+ 175	193	230	+37	+212

In keeping with the general pattern which has characterized the post-war balance of international payments, European countries lost sizable amounts of both gold and dollar exchange. Deficits on current account with the United States were most noticeable in the United Kingdom and France.

European countries in the last quarter of 1947 sharply accelerated the rate of utilization of their existing gold and dollar balances. The temporary blocking between August 20 and December 5, 1947 of drawings on the British loan not only stopped the large flow of dollars that had previously been made available through that source to the United Kingdom, but also, through the partial suspension of sterling convertibility, slowed the indirect flow of dollars to other countries.

Gold reserves and total short-term dollar holdings of European countries amounted to about $10,969 million on December 31, 1947. The decline of gold holdings and official and private dollar balances of European countries, including Turkey, between December 31, 1946 and December 31, 1947, amounted to $1,931 million. This amount consisted of a heavy net outflow of gold from Europe of $1,456 million, and losses of $379 million and $96 million in official and private dollar balances, respectively. Contributions of approximately $450 million to the International Monetary Fund was a factor in the lowering of official gold holdings. The gain of $391 million in other official foreign exchange was principally due to increased sterling holdings in some countries.

The greatest declines have been in the ERP countries, where the net losses of total gold and dollars were approximately $2,143 million, of which gold was again the larger item, approximately $1,631 million. Gold reserves and total dollar holdings of the ERP countries amounted to $7,513 million on December 31, 1947. Of the total, Switzerland and Portugal,

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ERP non-recipient countries, held $2,152 million (Switzerland, $1,791 million and Portugal, $361 million.)

The reduction of gold and dollar resources has been unevenly distributed. By the end of December, most European countries had already reduced their holdings below levels ordinarily considered prudent for reserve and trade requirements. Of the countries participating in the European Recovery Program only Switzerland, Portugal and Turkey held reserves considered to be in excess of their minimum needs. The gold and total dollar reserves of these three countries were reduced in 1947 by $200 million. Portugal's reserves declined $111 million; Switzerland, $4 million; and Turkey, $85 million.

The Tripartite Commission for the Restitution of Monetary Gold held approximately $182 million of gold at the end of December 1947. In the tables this is reported as German holdings. During November the Commission transferred $104 million of gold to the French Government and $40 million of gold to the Netherlands Government. It also set aside $30 million for transfer to Austria and $4 million for transfer to Italy. At the end of 1947, the Commission had not yet determined the distribution of the remaining gold or such additional gold as may be made available to the Commission as the result of negotiations now in progress.

A consideration of individual participating countries shows the United Kingdom to have had a net decrease in gold and official dollar holdings of $533 million. Private dollar balances increased approximately $14 million, reflecting transfers from United Kingdom official funds. Included in the drain of gold and dollars was $233 million for subscriptions of the United Kingdom and sterling area countries to the International Monetary Fund and the International Bank. The net loss of $519 million was in addition to the withdrawal of $2,850 million made available under the Anglo-American Financial Agreement, an estimated $338 million in gold purchased from the sterling area, and the drawing of $240 million in dollars from the International Monetary Fund. These amounts were spent largely in financing the United Kingdom and sterling area balance of payments deficit, mainly with the United States and dollar area countries, and in carrying out the terms of sterling convertibility. The freezing of the $400 million remainder of the Anglo-American Financial Agreement loan from August 20 until December 5 resulted in a drawing down of United Kingdom gold and dollar holdings. On March 1, 1948 the last remaining $100 million of the loan was drawn.

Sweden, in 1947, liquidated more than half of its gold and total dollar holdings, $390 million of a total of $554 million held at the end of 1946, leaving only $115 million in gold and official dollars and $49 million in private dollar balances in the United States. Swedish gold reserves declined $276 million in the last year. The loss in gold has been accompanied by a substantial reduction in the official requirements of coverage for note issue. Sweden appeared to be in a strong financial position at the end of World War II, but its position has since steadily deteriorated. Although in March 1947 the Swedish Government introduced measures intended to stop the outflow of gold and exchange through the control of imports, the drain continued, mainly due to the high rate of imports from the United States.

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The loss of reserves in Norway in 1947 is not as noticeable from a quantitative standpoint as in the case of Sweden because Norway's holdings had already been reduced to a low level by the beginning of 1947. Norway further reduced gold holdings during the year by $17 million, official dollar balances by $50 million, and private dollar balances by $17 million, leaving $131 million in gold and total short-term United States dollar balances by the end of 1947.

French gold and official and private dollar balances were reduced by $399 million in 1947. The French loss consisted principally of gold. Of the $321 million gold reduction, $265 million was sold to the United States to meet part of the balance of payments deficit and almost $80 million was subscribed to the International Monetary Fund. Gold was transferred to countries other than the United States under payments agreements to meet balance of payments deficits. Of the $550 million in gold reserves at the end of 1947, $85 million was held as collateral for a loan on gold granted by the Federal Reserve Banks. The net loss in gold and short-term dollar balances was in addition to the $125 million acquired from the International Monetary Fund, the $227 million drawn on the loan from the International Bank for Reconstruction and Development, and the $104 million in gold received from the Tripartite Commission for the Restitution of Monetary Gold. Foreign exchange, other than dollars increased during the first eleven months of 1947 by $209 million, consisting almost entirely of sterling. The accumulation of large sterling balances was due in part to large-scale liquidation of sterling securities in 1947 and the inconvertibility of sterling.

Belgium and Luxembourg's official holdings declined by approximately $138 million in gold and $17 million in dollar balances. Private dollar balances were depleted by $18 million during the year. This total drain of $173 million in gold and dollars was in addition to $11 million drawn from the International Monetary Fund, and about $5 million in dollars utilized from the dollar-franc loan made in 1947 by the International Bank to Luxembourg. A large part of this drain, amounting to about $57 million, represented subscriptions to the Fund. The remainder was the net drain which, when added to the net gold and dollar earnings from other sources, was used in part to pay for the merchandise trade deficit with the United States of about $475 million. However, Belgium and Luxembourg reserves remain closer to being adequate for needs than those of some of the other ERP countries. Of the $141 million private dollar balances on December 31, 1947, $22 million was held for Luxembourg, showing practically no change from December 1946. Official foreign exchange other than dollars held by Belgium and Luxembourg increased by the equivalent of $179 million in 1947, offsetting in amount the loss of gold and dollars.

The Netherlands' gold holdings declined by an estimated $163 million in 1947. Official dollar balances declined by $13 million, while private dollar balances fell by $69 million. These losses were in addition to $40 million in gold received from the Gold Commission and added to official holdings after October, $40 million acquired from the International Monetary Fund and drawings of $128.3 million of the dollar loan from the International Bank for Reconstruction and Development. The net drain of $245 million in gold and dollars included payments of about $69 million to the Fund and was used with dollar earnings from other than United States sources to meet an

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approximately $350 million merchandise trade deficit with the United States. Official foreign exchange other than dollars increased by $34 million.

Switzerland was a net loser of $74 million in gold in 1947, with an offsetting gain of $62 million in total dollar balances. The gold loss was principally due to the Swiss sale of gold to the public amounting to about $112 million in the nine months ending September 1947, when such gold sales were discontinued. Another factor in the net decline was the transfer of $58 million in gold to the Tripartite Commission for the Restitution of Monetary Gold under the Washington Accord. Switzerland also sold $10 million in gold to the United States although Swiss earnings of gold and dollars from non-United States sources were of sufficient magnitude to more than cover its balance of payments deficit with the United States.

Turkish gold and total dollar holdings declined by $85 million of which $67 million was in gold. The United States purchased $56 million of Turkish gold during the year. As in other countries, gold holdings were sold largely to finance the trade deficits with hard currency areas. Part of the loss was due to Turkey's subscription of approximately $12 million in gold and dollars to the International Monetary Fund and the International Bank. Turkish gold and dollar expenditures were accelerated during the early part of 1947, based on the belief that large amounts of currently accumulated sterling balances would be convertible into dollars. With the suspension of convertibility, Turkey was confronted with over-purchases from dollar areas and over-exports against non-convertible sterling.

Of the ERP countries, only Italy increased its gold holdings, registering a $25 million gain due to the purchase of $30 million in gold from the Bank of Canada from official dollar balances in the United States, avowedly for the purpose of making its subscription to the International Monetary Fund when required. Total gold and dollar balances, however, excluding Vatican City, were reduced by $90 million, official dollar balances dropping from approximately $183 million to $53 million and private dollar balances increasing by $15 million during 1947.

The gain shown in the gold reserves of the European countries, other than those participating in the ERP, is the result of the retention by the U.S.S.R. of most of its new domestic production. However, by the end of December most European countries had drawn their gold and dollar holdings below what might ordinarily be regarded as working levels.

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Canadian Losses

Change in Canadian Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Gold Holdings			Total Short-Term U.S. Dollar Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Canada	543	294(est.)	-249	932	413	- 519	- 768

Canadian gold reserves and total official and private short-term dollar balances at the end of 1947 amounted to an estimated $707 million. The net drain on gold and total dollar holdings was approximately $768 million during the year. In spite of an estimated 1947 gold production of $107 million, there was a net decline in Canadian gold holdings of $249 million during 1947. Canada sold $306 million in gold to the United States during this period and subscribed $75 million in gold to the International Monetary Fund. The decrease in official Canadian dollar holdings appears to have been the result, in part, of transfers to private Canadian accounts which increased during 1947. Prior to the war Canada's deficit with the United States was financed by the receipt of convertible currencies from her net exports to the rest of the world. During the war, imports from the United States were financed by United States procurement in Canada under the Hyde Park Program. In the post-war years Canada has maintained a high level of exports to Europe through credit and it has been necessary to draw on reserves to meet the demand for imports from the United States.

Africa

Change in African Total Gold and Short-Term U.S. Dollar Holdings
and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Africa	1,182	987	- 195	710	884	+174	- 21
Egypt	74	78	+ 4	633	620 1/	-13	- 9
South Africa	986	808	- 178	42	208	+166	- 12
Other	122	101	- 21	35	56	+ 21	-

1/ estimated

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Total African gold, dollar, and official other foreign exchange holdings fell from $1,892 million in December 1946, to $1,871 million in December 1947. The $21 million decline was accounted for by a decrease of $195 million in gold and total short-term dollar holdings and an increase of $174 million in official other foreign exchange. Included in the $987 million gold and dollars held at the end of 1947 was $80 million in officially held dollars, a decrease of $3 million from December 31, 1946 holdings. African private dollar balances dropped $16 million from December 31, 1946 holdings, amounting to approximately $55 million on December 31, 1947.

As in the six months period ending December 31, 1946, the loss of official African gold holdings for 1947 was due to a drop in the gold holdings of the Union of South Africa. The $178 million South African loss during the period was partially due to gold exports to the United States with which the Union had a merchandise trade deficit during 1947 of approximately $300 million, about four times the 1946 deficit. Another major component in the gold loss was a result of South African gold shipments to the United Kingdom to defray the continued large unfavorable balance of trade. In addition, during this period South Africa shipped the greater part of $127 million in gold to the United States covering settlement for Lend-Lease and its contribution to the International Monetary Fund and the International Bank. The drop in South African gold reserves was in addition to the loss of $392 million of newly mined gold for the year.

In October, South Africa announced a 1948 Gold Loan to the United Kingdom of £80 million ($325 million - 9,275,000 fine ounces of gold). This has had the effect of further lowering South African gold holdings.

The $178 million gold loss was offset by an increase of the Union of South Africa official foreign exchange holdings amounting to $158 million. This increase consisted of a rise of $166 million in other than dollar official foreign exchange and a decrease of $8 million in official dollar balances. The official dollar loss was offset by an $8 million gain in private dollar balances. The gain in foreign exchange holdings was principally due to capital inflow mainly from the United Kingdom, estimated to have totaled between $300 and $400 million in 1947.

The current problem, with South Africa as well as with Egypt, is not one of quantitative reserves, but of gold and dollar balances. South Africa in spite of large dollar deficits, still retains a strong exchange position, being the leading gold producer, with prospects, enhanced by the maintenance of United Kingdom capital investment arising out of the new Gold Loan Agreement, of increased gold output from present and newly expanding sources. Furthermore, South African industry is expected to attract substantial amounts of U.S. capital in 1948. Egypt, on the other hand, although holding total foreign exchange only slightly less than in 1946, is dollar poor. When Egypt left the sterling area and the dollar resources of the "dollar pool," it was believed that sterling convertibility would provide a more satisfactory source of dollars. The suspension of sterling convertibility soon after left Egypt with an accumulation of non-convertible sterling and with a deteriorating dollar situation. The 1948 Anglo-Egyptian Agreement, however, offsets to some extent Egypt's dollar loss resulting from the

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suspension of convertibility and leaves Egypt's dollar position in an improved condition over the preceding six months.

Asiatic Losses of Reserves

Change in Asiatic Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Asia	2,276	1,990	-286	5,713	5,310	-403	-689
China and Manchuria	550	327	-223	28	(est.)40	+ 12	-211
India-Pakistan	318	336	+ 18	4,927	4,559	-368	-350
Netherlands East Indies	340	249	- 91	N.A.	2	+ 2	- 89
Philippine Islands	448	489	+ 41	N.A.	N.A.	-	+ 41
Other	620	589	- 31	758	709	-49	- 80

During 1947, Asiatic gold, total dollar, and official other foreign exchange holdings, excluding those of Turkey, declined by $689 million. (Turkey is included in the European tables due to its participation in the European Recovery Program; Asiatic and European figures are corrected accordingly for purposes of comparison with the previous period.) The reduction in Asia's gold holdings totaled $345 million net, principally due to a decline of $321 million for China and $33 million for the Netherlands East Indies. The foreign exchange decline amounted to $644 million, including a dollar loss of $241 million. Of this total, India-Pakistan lost $350 million in foreign exchange mainly because of balance of payments deficits with the United States, other dollar countries and with the sterling area. During 1947, India's adverse merchandise trade balance with the United States amounted to approximately $148 million, largely representing a drain on United Kingdom dollar holdings. China, in addition to the gold loss, experienced a net decline in foreign exchange holdings of $190 million involving a loss of $202 million in dollars. These losses, too, were sustained on account of balance of payments deficits, mainly with the United States. The Netherlands East Indies total dollar holdings fell by $58 million in addition to the $33 million gold loss. The Netherlands East Indies' loss was principally ascribable to an adverse balance of trade with the United States.

The only substantial gain in the Asiatic Area was recorded by the Philippines, a $41 million increase in dollars bringing its total dollar holdings on December 31, 1947, to $488 million. This increase was in spite of a 1947 merchandise trade deficit with the United States of approximately $278 million and was due to grants and loans advanced by the United States, which amounted to $175 million for the first nine months of 1947, and dollar earnings from other foreign countries.

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Oceania

Change in Oceanic Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Oceania	164	148	-16	911	679	-232	-248
Australia	129	118	-11	616	475	-141	-152
French Oceania	4	1	- 3	N.A.	N.A.	N.A.	- 3
New Zealand	31	29	- 2	295	204	- 91	- 93

Australian holdings of gold, total dollars, and official non-dollar foreign exchange fell from $745 million on December 31, 1946, to $593 million on December 31, 1947, a net decrease of $152 million. Of this loss, $80 million represented an outright gift to the United Kingdom by the Australian Government from its accumulated sterling balances. The remaining loss was due to the Australian trade deficit with dollar countries, principally the United States and Canada. For the year ending June 30, 1947, this deficit was about $100 million. In the year ending June 30, 1948, the deficit is expected to be over $150 million. As official Australian dollar balances in the United States declined by only $12 million while private dollar balances dropped $3 million in 1947, it is apparent that almost all the Australian dollar deficit was met by recourse to the sterling area "dollar pool." The dollar shortage has resulted in the placing of more stringent import controls on United States and Canadian goods in an effort to relieve the strain on United Kingdom resources.

New Zealand held $233 million in gold, total dollars, and official non-dollar foreign exchange on December 31, 1947 compared with $326 million on December 31, 1946. The decline of $93 million was mainly due to a $40 million gift presented to the United Kingdom early in 1947 as a sterling balance reduction, the approximately $76 million trade deficit with the United States and Canada, and a sizable expenditure on government debt and other services. New Zealand official short-term dollar balances in the United States decreased during the year by $3 million, leaving a $1 million balance. Private dollarbalances increased by less than $1 million. The difference between the New Zealand dollar loss of $2 million and the $76 million trade deficit with the United States and Canada constituted a further drain on the sterling area dollar pool.

It should be noted that the official foreign exchange holdings of Africa, Asia, and Oceania are comprised largely of sterling. Out of a total of $7.7 billion official foreign exchange (excluding Turkey), approximately $780 million was available to these areas in short-term dollar balances in the

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United States, of which about $560 million was held by the Philippines and China alone. The remainder consists principally of sterling, relatively small amounts of which are released periodically for current use under bilateral agreements between the United Kingdom and the individual sterling countries in those areas. It is evident, then, that these areas have a lower currently available total official foreign exchange reserve than is manifested in the gross totals. On the other hand, the lack of data on both official and private non-dollar foreign exchange holdings in these areas results in an understatement of these resources. It should be noted, too, that the dollar holdings of these areas, as presented in the attached tables do not reveal the extent that dollars are made available to those countries having access to the sterling area dollar pool.

Decline in Latin American Reserves

Change in Latin American Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Latin America	3,684	2,911	-773	972	1,171	+199	-574
Argentina	1,168	555	-613	560	625	+ 65	-548
Cuba	379	514	+135	15	52	+ 37	+172
Mexico	333	239	- 94	43	18	- 25	-119
Other	1,804	1,603	-201	354	476	+122	- 79

The adverse balance of trade of the Latin American countries with hard currency areas was the most important factor influencing the decline of their total gold and dollar holdings from $3,684 million on December 31, 1946, to $2,911 million on December 31, 1947. The net decrease of $773 million included losses of $881 million in gold and $48 million in official dollar balances, offset by a gain of $156 million in private dollar balances. Holdings of other foreign exchange increased $199 million, mainly reflecting net exports to other, principally soft currency, areas.

The gold and dollar losses of Latin America in 1947 resulted primarily from increased imports from the United States, almost double the value of imports for 1946 for the area as a whole and three and a half times larger in the case of Argentina. Principal importing countries showed increases in dollar value of imports from the United States of from five to ten times the pre-war level. Although Latin American exports to the United States also increased substantially, the area's merchandise trade deficit with the United States was approximately $1.8 billion in 1947.

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Argentina continued the downward trend noted in the preceding year, showing a reduction of $736 million in gold holdings during 1947. The gold loss was offset partly by an increase in total foreign exchange holdings of $188 million, including gains of $58 million in official dollar holdings, $65 million in private dollar holdings, and $65 million in official other foreign exchange. A merchandise trade deficit of about $525 million with the United States during 1947, as well as repatriation of dollar bonds and other capital expenditures, were the principal factors effecting the decline.

Mexican gold and total dollar holdings decreased $94 million and other official foreign exchange dropped by $25 million during 1947, resulting in substantial official efforts to reduce the import surplus. Brazilian gold holdings remained at the same level during the year, and while there was a decline of $70 million in total dollar balances, there was an increase of $133 million in official holdings of other currencies, principally sterling. The only other major decrease was for Colombia, a loss of $74 million in gold and total dollar holdings. Chilean holdings of gold and total dollars fell $25 million. Cuba's singularly strong position showed a further increase of $135 million in total gold and dollars, involving an increase of $53 million in gold, a loss of $10 million in official dollar holdings and a gain of $92 million in private dollar holdings. Cuba also gained $37 million in official other foreign exchange. Uruguay lost $25 million in gold in 1947 while other Latin American countries showed minor changes.

The drain on gold and dollar holdings in 1947 resulted in the adoption of more severe exchange and import controls in many Latin American countries.

Sources and Definitions

The attached tables have been based, to the extent possible, on official sources. Occasionally data relating to gold reserves were not available and it was necessary to make estimates on the basis of incomplete data with respect to gold production, exports, imports and earmarking operations. The figures are gross assets, since data on liabilities in foreign exchange are not sufficiently available to merit use. Undisbursed balances of American and International Bank loans are not included in official dollar holdings of foreign countries. Gold and dollars held by certain central banks for others are included as official holdings. The official and private dollar balance data were taken from United States Treasury sources and are short-term balances. Whenever data regarding other foreign currency resources were available with respect to any country, they were entered directly in the column labeled "Other Official Foreign Exchange". Otherwise the dollar balances were deducted from the total reported foreign exchange holdings and the remainder, if positive, was entered in that column. Conversions from foreign currencies were, in general, made at the foreign central bank's buying rate for dollars.

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Treasury Department
Office of International Finance

Date 3/12/48 194

To: Mr. Eddy

From: Mr. Schwartz

George:

You might be interested in looking at this draft.

Would appreciate your returning it because we are short of copies.

Bob

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Table I

Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Short-term Dollar Balances in U.S. Official		III Short-term Dollar Balances in U.S. Private		IV Total Gold and Dollars (I + II + III)		V Other Official Foreign Exchange		VI Total Gold and Dollars and Other Official Foreign Exchange (IV + V)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
ERP Countries	7,373	5,742	770	343	1,513	1,428	9,656 2/	7,513 2/	1,288	1,703	10,944	9,216
Europe, Other	3,051	3,226	124	172	69	58	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(894)	(515)	(1,582)	(1,486)	(12,900)	(10,969)	(1,378)	(1,769)	(14,278)	(12,738)
North America	543	294	683	148	252	267	1,478	709	6	N.A.	1,484	709
Africa	1,028	852	83	80	71	55	1,182	987	710	884	1,892	1,871
Asia	1,014	969	926	684	336	337	2,276	1,990	5,713	5,310	7,989	7,300
Oceania	106	111	33	15	25	22	164	148	911	679	1,075	827
Latin America	2,576	1,695	428	380	680	836	3,684	2,911	972	1,171	4,656	4,082
Unidentified and Undistributed	--	--	1	1	18	21	19	22	--	--	19	22
Total All Areas 3/	15,691	12,889	3,048	1,823	2,964	3,024	21,703	17,736	9,690	9,813	31,393	27,549

1/ Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used, where available, for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available for countries included in the area totals, earlier data or estimates, if available, were used.

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2/ Includes holdings of Switzerland and Portugal which are ERP cash-basis countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by ERP countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by ERP countries.

3/ For 1946: Exclusive of $47 million in gold, $482 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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Table II

Official Gold and Foreign Exchange Resources and Private Dollar Balances
Of Foreign Countries by Areas and by Countries as of December 31, 1947*

(In Millions of Dollars)

Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Europe							
ERP Countries							
Austria	-	5 1/	2 2/	5	12	3 2/	10
Belgium and Luxembourg	133	597	6	285	888	141	744
Denmark	1	32	23	21	76	30	85
Eire	2	11	3 2/	(est) 175 3/	189	18 2/	32
France	134 4/	550	24	(11/47) 266 3/	840	144	718
Germany	32 5/	182 5/	61	N.A.	243	28	271
Greece	11 6/	(est) 15	16	(11/47) 77 3/	108	19	50
Iceland	-	1	1 2/	8	10	3 2/	5
Italy 7/	30	(est) 60 8/	53	99 3/	212	93	206
Netherlands	149	(est) 244	26	75	345	117	387
Norway	20	75	14	87 3/	176	42	131
Portugal	182	(est) 314	20	(est) 291 3/	(est) 625	27	361
Sweden	30	105	10	223 9/ 3/	338	49	164
Switzerland 10/	538	1,356	47	N.A.	1,403	388	1,791
Turkey	77 11/	170	8	91 3/	269	29	207
United Kingdom	244	2,025	29	N.A.	2,054	297	2,351
Total, ERP	1,583	5,742	343	1,703	7,788	1,428	7,513

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Country	Gold Holdings: I In U.S.	Gold Holdings: II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Other Europe							
Albania	-	(est) 2	- 2/ 12/	- 12/	2	- 2/ 12/	2
Bulgaria	-	(est) 25	1 2/	N.A.	26	- 2/ 12/	26
Czechoslovakia	4	(est) 10	14 2/	28	52	21 2/	45
Estonia	-	(5/40) 13	2 2/	N.A.	15	2 2/	17
Finland	-	- 12/	21	(5/47) 23 3/	44	10	31
Hungary	-	34	3 2/	5	42	5 2/	42
Latvia	3	(7/40) 14	5 2/	N.A.	19	1 2/	20
Lithuania	3	(8/40) 11	- 2/ 12/	N.A.	11	- 2/ 12/	11
Poland	28 13/	(est) 61 13/	24 2/	N.A.	85	8 2/	93
Rumania	13	(est)265	4	15	284	5	274
Spain	-	111	4	N.A.	115	8	123
U.S.S.R.	4	2,570	73	N.A.	2,643	1	2,644
Vatican City	31	31	(est) 7	N.A.	38	-	38
Yugoslovia	47	(est) 79	9	N.A.	88	3	91
Unidentified	-	-	+ 5	- 5	-	- 6	- 1
Total, Other Europe	133	3,226	172	66	3,464	58	3,456
Total, Europe	1,716	8,968	515	1,769	11,252	1,486	10,969
North America							
Canada	-	(est)294 14/	148	N.A.	442	265	707
Greenland	-	-	- 2/ 12/	N.A.	- 12/	- 2/	- 12/
Newfoundland	-	-	- 2/	N.A.	-	2 2/	2
Total, North America	-	(est)294	148	N.A.	442	267	709

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Africa							
Algeria	-	(5/47)14	1 2/	N.A.	15	2 2/	17
Belgian Congo	-	(9/47)17	16 2/	45	78	6 2/	39
Egypt & Anglo-Egyptian Sudan	-	53	13	(est)620 3/	686	12	78
Ethiopia	-	1	1 2/	11	13	1 2/	3
French Morocco	-	(est) 6	6 2/ 15/	N.A.	12	9	21
French West Africa	-	N.A.	4 2/	N.A.	4	3 2/	7
Tangier	-	-	1 2/ 15/	N.A.	1	6 2/	7
Union of South Africa	38	761	37	208	1,006	10	808
Other French Africa	-	-	1 2/	-	1	3 2/	4
Other Africa	-	-	- 2/ 12/	-	- 12/	3 2/	3
Total, Africa	38	852	80	884	1,816	55	987
Asia							
Afghanistan	33	33	6 2/	N.A.	39	- 2/ 12/	39
Burma	-	N.A.	N.A. 16/	N.A.	-	N.A. 16/	-
Ceylon	-	-	N.A. 16/	(10/47)132 17/	132	N.A. 16/	-
China & Manchuria	12	97	137 18/	(est) 40	274	93	327
French Indo-China	-	N.A.	4	N.A.	4	2	6
Hong Kong	-	N.A.	- 12/	N.A.	- 12/	40	40
India-Pakistan	-	274	31	4,559 3/	4,864	31	336
Iran	-	142	2 2/	81	225	9 2/	153
Iraq	-	-	1 2/	160 3/	161	2 2/	3
Japan	-	206 19/	- 12/	N.A.	206	31	237
Lebanon	-	(1/47) 2	4 2/	(1/47) 60 20/	66	6 2/	12
Korea	-	N.A.	-	N.A.	- 12/	- 2/ 12/	- 12/
Netherlands East Indies	114	180	52	2	234	17	249

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Asia (Con.)							
Palestine	-	N.A.	-	(est)160 20/	(est)160	16 2/	16
Philippine Islands	1	1	424	N.A.	425	64	489
Saudi Arabia	-	N.A.	9 2/	N.A.	9	2 2/	11
Siam	-	33	12 2/	31	76	2 2/	47
Syria	-	(1/47) 1	- 2/ 12/	(1/47) 87 20/	88	3 2/	4
Unidentified	-	-	+ 2	- 2	-	+ 19	21
Total, Asia 21/	160	969	684	5,310	6,963	337	1,990
Oceania							
Australia	-	88	13	475 3/	576	17	118
French Oceania	-	N.A.	1 2/	N.A.	1	- 2/ 12/	1
New Zealand	-	23	1	204 3/	228	5	29
Total, Oceania	-	111	15	679	805	22	148
Latin America							
Argentina	106	319	105	625 3/	1,049	131	555
Bolivia	12 22/	23	6	2	31	12	41
Brazil	297 23/	354	56	376 3/	786	48	458
Chile	21	45	16	N.A.	61	30	91
Colombia	1	83	25	3	111	21	129
Costa Rica	2	2	2	1	5	5	9
Cuba	278	279	15	52	346	220	514
Dominican Republic	2	2	12 2/	N.A.	14	24 2/	38
Ecuador	15	(11/47) 20	5 2/	(11/47) 2	27	4 2/	29
El Salvador	10	15	2 2/	13	30	6 2/	23
French West Indies and Guiana	-	N.A.	2	N.A.	2	1	3

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Latin America (Con.)							
Guatemala	23	27	9 2/	13	49	15 2/	51
Haiti	2	(11/47) 2	8 2/	(11/47) N.A.	10	5 2/	15
Honduras	-	(11/47) - 12/	1 2/	(11/47) 1	2	3 2/	4
Mexico	41	100	22	18	140	117	239
Netherlands West Indies & Surinam	12	12	7	2	21	7	26
Nicaragua	3 24/	3	1 2/	1	5	3 2/	7
Panama	-	- 12/	1	5	6	69	70
Paraguay	- 12/	- 12/	3 2/	6	9	2 2/	5
Peru	-	(11/47) 20	13	(11/47) 2	35	29	62
Uruguay	45	175	2 2/	76 3/	253	31 2/	208
Venezuela	59	214	40	N.A.	254	38	292
Unidentified	-	-	+ 27	- 27	-	+ 15	42
Total, Latin America	929	1,695	380	1,171	3,246	836	2,911
Unidentified and Undistributed	-	-	1	-	1	21	22
GRAND TOTAL	2,843	12,889	1,823	9,813	24,525	3,024	17,736

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FOOTNOTES:

* Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used where available for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available, earlier data or estimates, if available, were used.

1/ Excludes $5 million held in London by Trustees of an Austrian bond issue, and $30 million set aside for Austria by the Tripartite Commission for the Restitution of Monetary Gold.

2/ Deposits in Second Federal Reserve District only and are as of September 30, 1947.

3/ Includes primarily sterling balances.

4/ Includes $84.7 million held as collateral for a loan on gold granted by the Federal Reserve Banks, of which $10 million utilized as of December 31, 1947.

5/ Gold held by the Tripartite Commission for the Restitution of Monetary Gold.

6/ Includes $9 million held as collateral for loan by the Federal Reserve Banks.

7/ Vatican City holdings excluded.

8/ Excludes $4 million set aside in November, 1947 by the Tripartite Commission for the Restitution of Monetary Gold.

9/ Includes approximately $41 million in pound sterling and French francs transferred to the Swedish Debt Office.

10/ Excludes the holdings of the Bank for International Settlements.

11/ Includes $20.4 million held as collateral for a loan by the Federal Reserve Banks.

12/ Less than $500,000.

13/ Includes $18.6 million held as collateral for a loan by the Federal Reserve Banks and $2.2 million deposited with the U.S. Assay Office and others for refining and subsequent earmark at the Federal Reserve Bank of New York.

14/ Includes $7 million in gold held by Ministry of Finance.

15/ $5 million reported under Tangier is included under French Morocco as it is believed to belong to Banc de Etat du Maroc, which is considered to be a French Moroccan institution.

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FOOTNOTES (CON.):

16/ Included under India-Pakistan.

17/ Principally sterling securities and Indian rupee securities and Treasury Bills. Liquid portion of these reserves reported as $51 million as of October 31, 1947.

18/ Excludes estimated $7 million reported to be held in vaults of Central Bank of China.

19/ Includes approximately $82 million of gold earmarked by the Japanese Government for Indo-China, $37.2; Siam, $43.7; Italy $.2; and China $.7.

20/ Note cover for currency.

21/ Exclusive of Turkey, which is included in ERP and total Europe sections.

22/ Includes $5.3 million held as collateral for loans made by United States banks.

23/ Includes $80.8 million held by Federal Reserve Bank of New York, as fiscal agent of the U.S., to secure Cruzeiro repurchase agreement.

24/ Includes $2.8 million held as collateral for loans made by U.S. banks.

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Table III

Gold and Foreign Exchange Holdings of International Institutions
December 31, 1947

(Millions of U.S. Dollars)

	Gold	Dollars	Other Exchange	Total
B.I.S.	30	12	N.A.	42
Int'l. Bk.	4	678	912	1,594
I.M.F.	1,357	1,598	3,830	6,785 1/
Other	-	61	N.A.	61
Total	1,391	2,349	4,742	8,482

1/ As of February 29, 1948. Dollars are as of December 31, 1947. Other Exchange is difference between Dollars and Total.

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National Advisory Council
Staff Document No. 308
January 13, 1949

Memorandum To: National Advisory Council Staff Committee

From: The United States Treasury Department

Subject: Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries as of June 30, 1948.

The drain on gold and dollar holdings of foreign countries was substantially curtailed during the first half of 1948 largely as a result of increased exports to and reduced imports from the United States compared with last year. The somewhat decreased reliance on imports from the United States during this period occurred in spite of a continued strong desire for United States goods and services and was in part attributable to deficient gold and dollar holdings of some foreign countries and sharply reduced U.S. Government dollar assistance actually rendered in the second quarter of 1948.

During the first half of 1948, United States exports of goods and services amounted to $8,687 million, which compared with $19,741 million in the entire year 1947. The $8,687 million of exports were principally financed by United States imports of goods and services of $4,983 million (as compared with $8,463 million for the entire year 1947), United States Government net grants of $1,666 million and net loans of $555 million, net gold sales to the United States of $894 million, net private United States remittances of $331 million, and disbursements from the International Monetary Fund and International Bank of $313 million. During this six-month period, as a slight offset, foreign countries gained $209 million in their holdings of short-term dollar balances.

During the first six months of 1948, foreign holdings of gold and total short-term dollar balances fell from $17,762 million on December 31, 1947, to $17,301 million on June 30, 1948, a loss of $461 million. This decline was composed of losses of $670 million in gold and $1 million in private short-term dollar balances, partially offset by a gain of $210 million in officially held short-term dollar balances. Net sales of gold to the United States during this period amounted to $894 million of which about 85% was accounted for by the gold sales of two countries, the United Kingdom and the Union of South Africa. New non-United States gold production, estimated at roughly $450 million, accounted for the difference between the $670 million decline of gold reserves and the $894 million net gold sales to the United States. The estimated remaining $226 million represented industrial use and hoarding accretions, and may also be explained in part by errors and omissions in reporting.

Non-dollar official foreign exchange of foreign countries rose to the equivalent of $9,870 million on June 30, 1948, as compared with $9,574

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million on December 31, 1947, an increase of $296 1/ million. This gain was apparently due to several factors among which were the creation of new foreign exchange owing to the partition of India with Pakistan and India now holding each other's rupees as foreign exchange, net governmental acquisition of private holdings, and a net increase of foreign exchange arising out of international payments.

A large part of the official non-dollar foreign exchange holdings of foreign countries consists of sterling holdings which are largely non- convertible and non-spendable on an overall basis. The value of these holdings have a close relationship to the amount of hard currencies which the United Kingdom releases from its availabilities against sterling and the amount of goods and services or fixed assets which the United Kingdom can export or sell over and above what she currently imports from sterling holders. Although the United Kingdom has recently succeeded in raising exports to unprecedented levels, many large sterling holders remain short of dollars and goods. The inability of the United Kingdom to create sufficient export surpluses with sterling holders has had the effect of sterilizing large amounts of sterling exchange held by other countries.

Europe

Change in European Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1947-June 30, 1948

(In Millions of Dollars)

	Gold Holdings			Total Short-term U.S. Dollar Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Total Europe	8,929	8,657	-272	2,001	2,133	+132	-140
ERP Countries	5,537	5,211	-326	1,771	1,921	+150	-176
(ERP Cash-payment Countries: Switzerland and Portugal)	(1,670)	(1,611)	(- 59)	(482)	(545)	(+ 63)	(+ 4)
Tripartite Commission	182	169	- 13	-	-	-	- 13
Other Europe	3,210	3,277	+ 67	230	212	- 18	+ 49

1/ It should be noted that the non-dollar official holdings total excludes data for a number of countries for which estimates are not available. Totals shown are based on such data as are available and necessary adjustments have been made to establish comparability of data for June, 1948 and December, 1947.

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The outflow of gold and dollars from Europe was abated significantly during the first six months of 1948. Monetary reserves 1/ continued to dwindle on an overall basis but at a slower rate than the preceding year; although some countries registered gains in their gold and dollar holdings as compared with December 31, 1947.

The decline of gold holdings and total short-term dollar balances of European countries (including Turkey) from December 31, 1947, to June 30, 1948, amounted to $140 million or an annual rate of $280 million compared to a $1,970 million loss for the full year 1947. The $140 million loss during the six-months period consisted of a net outflow of $272 million in gold and a gain of $132 million in total dollar balances. The loss of gold during the first half of 1948, at an annual rate of $544 million, compares with a loss of $1,495 million in 1947. As a partial offset, however, it should be noted that $450 million of the gold loss in 1947 represented European gold subscriptions to the International Monetary Fund. The gain in short-term dollar balances in the first half of 1948 compares with a substantial loss ($475 million) during the entire year 1947. Generally, there has been a continued reduction of gold reserves at a slower rate of decline and an increase of total dollar balances.

The E.R.P. countries, during the first half of this year, lost $176 million in gold and dollars, a decline of $326 million in gold being partially offset by gains of $126 million in officially held short-term dollar balances and $24 million privately held. The gain of $126 million officially-held dollars includes $110 million drawn by E.R.P. countries during this period from the International Monetary Fund. Although the heavy decline of reserves has been arrested, most E.R.P. countries' holdings remain below levels which may be considered prudent for reserve and trade requirements.

The gold and total short-term dollar holdings of the U.K. decreased from $2,332 million on December 31, 1947, to $2,201 million on June 30, 1948, a loss of $131 million. The gold and dollar decline was composed of a loss of $251 million in gold, partially offset by gains of $102 million in officially-held short-term dollar balances and $18 million in those privately held. The gold loss, however, was net of the additional expenditure of $325 million in gold representing the equivalent of the South African gold loan consummated early in January, 1948. The loss of gold reserves and the gold obtained in the South African loan amounted to $576 million of which $531 million was sold to the United States to partially cover balance of payments deficits with the dollar area. In addition, substantial gold and dollar balance decreases were averted by drawings of the $300 million remaining under the Anglo-American Loan Agreement, $52 million on the Canadian loan, $60 million from the I.M.F., and about $102 million under E.C.A., these drawings totaling $500 million.

1/ Non-dollar official foreign exchange, because of the incompleteness of data with respect to individual countries, is not discussed in total but, where relevant, by individual country.

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The U.K. sustained a dollar balance of payments deficit with the dollar area of about $752 million during the six months ending June 30, 1948. The U.K. dollar deficit included only $231 million with the United States, the remainder consisting of $315 million with Canada and $206 million with other Western Hemisphere countries. The U.K. also expended an additional $230 million in gold and dollars on account of the deficit of other sterling area countries with the dollar area, and the net gold and dollar payments of the sterling area, including the U.K., with non-dollar area countries. The U.K. balance of payments deficit with the dollar area, namely $752 million for the first six months of 1948, $1,504 million on an annual basis, represents a severe reduction from the 1947 dollar area deficit of $2,442 million (excluding the $205 million subscribed to the IMF). There has been an even more marked decrease in the additional net gold and dollar losses sustained by the U.K. on behalf of other members of the sterling area with the dollar area and for itself and the sterling area with non-dollar area countries. In 1947 this deficit was $1,479 million; in 1948, the annual deficit rate based on the first six months is $460 million.

Improvement in the U.K. balance of payments has been due in part to the success of the export drive, increased invisible receipts from shipping and commercial undertakings, and the shifting of the source of imports and direction of exports to reduce the deficit with the dollar area. Other sterling area countries have contributed to the betterment of the payments position by cooperating with the U.K. in sending her products against sterling which would otherwise require dollar outlay and cutting down their dollar imports to relieve the drain on the dollar pool. The effect of these factors has been somewhat modified by a continued adverse movement in the price terms of trade.

French gold and total short-term dollar holdings increased $17 million during the first half of 1948, reaching a total of $735 million and reversing a substantial downward trend evidenced last year. Included in this increase were gains of $18 million in gold and $13 million in officially held short-term dollar balances and a loss of $14 million in privately held short-term dollar balances. France received $16 million in gold from the Italian set aside with the Tripartite Commission, and the remainder from domestic sources, including production. Of the $568 million gold reserves, $104 million are held as collateral for a loan on gold granted by the U.S. Federal Reserve Banks.

France was able to maintain her gold and dollar exchange position in the six-months ending June 30, 1948, through the receipt of U.S. Government aid but has by no means solved her dollar problem. In an effort to improve her exchange position, France devalued her official exchange rate from 119.107 francs per U.S. dollar to 214.393 on January 26, 1948, and introduced a legal "free" market for the dollar, the Portuguese escudo, and later the Swiss franc. The "free" rate has fluctuated above 300 French francs to the U.S. dollar. As the non-convertible currencies could be converted only at the official rate, exports against hard currencies were expected to be stimulated while soft currency exports would be deterred. During the first

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six months of 1948, however, exports to the United States were only $33 million which at an annual rate of $66 million compares with $47 million in 1947. France's hard currency trade deficit during this period amounted to $404 million, including $336 million with the U.S.

French non-dollar official foreign exchange dropped from the equivalent of $266 million at the start of the year to $103 million at the end of June. Of the $103 million, about $60 million was in sterling. This compares with $261 million in sterling held at the end of 1947. The large sterling trade deficit with the U.K. was met from sterling reserves and from a $40 million short-term sterling credit opened for France by the U.K. at the end of May. The sterling deficit is apparently due to the deterrence of exports brought about by the multiple rate exchange system introduced in January, 1948, which discriminated against exports against sterling while favoring sterling imports. The sterling exchange position of France may have been partially responsible for the revision of the terms of the January devaluation of the franc on October 16, 1948. Under the revised terms, non-convertible currency arising from both commercial and non-commercial transactions is accorded virtually the same rate as that accorded the dollar export transactions, namely, an average of the "official" 214.393 rate and the "free" rate of over 300. The U.S. dollar, however, still gets the benefit of using entirely the "free" rate in most financial transactions; rates for non-convertible currencies are not quoted on the free market. In addition, the October revision eliminates the use of the "official" rate for certain essential imports, raising the prices of these goods in the French market.

Belgium and Luxembourg's gold and total short-term dollar position improved slightly in the first six months of 1948, showing a gain of $20 million and contrasts with a relatively significant decline in the preceding year. Gold holdings increased $25 million in the six month period and official short-term dollar balances increased $7 million while private short-term dollar balances decreased $12 million. Gold holdings increased in spite of the sale of $53 million in gold to the United States as a result of gold received under payments agreements and new production in the Belgian Congo. During this half year period Belgium had a merchandise trade deficit with the U.S. of $116 million which was met largely out of $53 million in gold sales, $22 million drawn in dollars from the International Monetary Fund, and U.S. Government aid.

Italy partially restored a $90 million gold and total dollar loss sustained in 1947 with a gain of $59 million in gold and total dollars during the first six months of 1948. With gold holdings constant for the period, Italy gained $55 million in officially-held short-term dollar balances and $4 million in those privately held. However, as Italy's merchandise trade deficit with the United States was $192 million in the six-months period, it is apparent that the gain was made possible by the $226 million in U.S. Government grants and credits used by Italy during this period.

The Netherlands continued to lose reserves with a decrease of $63 million in gold and total short-term dollar balances. The loss involved decreases

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of $33 million in gold holdings, $10 million in officially-held short-term dollar balances, and $20 million in those balances privately held. The six-months passive balance of payments with the U.S., including a merchandise trade deficit of $138 million, was met by this reduction in gold and dollar holdings, the utilization of the remaining $128 million of the International Bank loan, drawings of $16.5 million from the International Monetary Fund, and some measure of U.S. Government aid. Non-dollar official foreign exchange increased from the equivalent of $75 million at the end of 1947 to $161 million in mid-1948, partially due to foreign subscriptions to Netherlands Indies oil stock.

Austria's previously small gold stock was supplemented by the receipt of $14 million from the Tripartite Commission, bringing that country's gold holdings up to $19 million by June 30, 1948. Although Austria's dollar merchandise trade deficit continued during the first six months of 1948, including a $72 million passive balance with the U.S., her holdings of dollars temporarily increased by $4 million due to continued U.S. Government financial assistance.

Sweden's monetary reserves dwindled further in 1948 but at a lower annual rate than the $390 million loss in gold and total dollars sustained in 1947. From January through June, 1948, Sweden lost $20 million in gold, $4 million in officially held short-term dollar balances, and $17 million in dollar balances privately held, a total of $41 million. The dollar losses may be explained primarily by two developments. First, there was the growing shortage of dollar exchange in other countries which have been important customers for Sweden, especially the Latin American group; secondly, there was the increasing resistance in the United States toward the high prices of Swedish exports such as wood pulp. These factors contributed to a $14 million merchandise trade deficit with the U.S. Non-dollar official foreign exchange holdings have decreased from $223 million to $172 million as the result of the inability of Sweden to meet the export quotas established in bilateral agreements. Although part of the gold loss was attributable to June sales of gold earmarked in the United States, it appears that most of the $20 million decline in gold reserves was due to the failure of Sweden to meet bilateral trade agreement export quotas.

Switzerland, Portugal and Turkey hold reserves which may be considered in excess of minimum needs. Switzerland, participating in E.R.P. on a cash payment basis, maintained a strong position. An $11 million decline in Swiss official gold holdings was offset during this period by gains of $4 million in officially held dollar balances and $71 million in short-term balances privately held. Although the Swiss had a passive balance of merchandise trade with the U.S. during the first six months of 1948 of $42 million, dollar earnings from dollar re-exports and other sources were sufficient to account for the increases in dollar holdings.

Portugal's gold and total dollar holdings declined from $361 million on December 31, 1947, to $301 million on June 30, 1948, a loss of $60 million. Included in the loss was an estimated drop of $48 million in gold, of

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which $42 million was sold to the United States. The $60 million loss was principally incurred on account of merchandise trade deficits with the United States and other Western Hemisphere countries.

Turkey's reserves of gold and dollars were reduced by $20 million during the first half of 1948 as compared with a reduction of $35 million during the previous six months. Of this $20 million loss, only $6 million was in gold. The gold and dollar loss was entirely due to the Central Bank payment of $7.6 million in gold and $12.8 million in dollars in the settlement of the $20.4 million U.S. Federal Reserve Bank gold guaranteed loan. Turkey's total trade deficit resulted in the loss of $44 million in non-dollar official foreign exchange. The drop in non-dollar official foreign exchange from $91 million on December 31, 1947 to $47 million on June 30, 1948, was brought about by a deliberate policy on the part of Turkish officials to restrict exports against sterling. The concomitant limiting of dollar imports indirectly encouraged the purchase of machinery and manufactured goods with sterling. As sterling holdings were severely diminished, Turkey has since reversed her export policy to encourage sterling trade.

Tripartite Commission

The gold holdings of the Tripartite Commission for the Restitution of Monetary Gold amounted to about $182 million on December 31, 1947. During the first six months of 1948, the Commission received $4 million in gold from the Bank for International Settlements to cover that amount of looted gold acquired by the B.I.S. during the war from Germany and also received $20 million in gold from Rumania. As against these receipts of $24 million, the Commission distributed in gold approximately $14 million to Austria, $7 million to Czechoslovakia, and $16 million to France from the Italian set aside. These transactions left the Tripartite Commission with approximately $169 million in gold on June 30, 1948. The Commission has not yet determined the distribution of the remaining gold or such additional gold as may be made available to the Commission as the result of further negotiations.

Other Europe

The $67 million increase in gold in European countries other than those participating in the E.R.P. was due primarily to new production of the U.S.S.R., estimated at roughly $100 million for the period January-June, 1948. As the group of non-E.R.P. European countries lost $18 million in official and private short-term dollar balances, there was an estimated net gain of $49 million in holdings of gold and total dollars. The gold gain was registered in spite of a $49 million loss in gold by Rumania. This loss was largely made up of the $20 million restitution by Rumania to the Tripartite Commission and the gold reported as being shipped by Rumania to Argentina to cover partial repayment on a $25 million 1947 Argentine loan, secured by gold.

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Change in Canadian Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1947 - June 30, 1948

(In Millions of Dollars)

	Gold Holdings			Total Short-term U.S. Dollar Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Canada	(est) 294	(est) 350	+56	409	591	+182	+238

Canadian Gold and Dollar Position Improves

Canada's gold and total short-term dollar position has shown greater improvement since the first of the year than any other foreign country, increasing from $703 million on December 31, 1947, to $941 million on June 30, 1948, a gain of $238 million. The increased holdings involved accretions in gold of an estimated $56 million, a $208 million gain in officially held dollar balances, and the slightly offsetting loss of $26 million in privately held dollar balances.

The gain was registered in spite of a $235 million merchandise trade deficit with the United States which represented, at an annual rate, less than half the deficit incurred by Canada in 1947. The gold increase is mainly ascribable to new production. Of the total dollar increase of $182 million, $140 million represented the amount disbursed to Canada by the Export-Import Bank, repayable in the second half of 1948. That Canada was able, however, to increase her gold and dollar holdings while having a large passive merchandise trade balance with the United States, is explained by increased receipts from U.S. tourists and sizable dollar earnings arising under the E.C.A. off-shore purchase program.

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Africa

Change in African Total Gold and Short-Term
U.S. Dollar Holdings and
Other Official (Non-Dollar) Foreign Exchange Holdings
December 31, 1947 - June 30, 1948

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Other Official (Non-Dollar) Foreign Exchange Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Total Africa	987	564	-423	1,091	1,133	+42	-381
Egypt	78	80	+ 2	620 1/	613 1/	- 7	- 5
South Africa	808	382	-426	208	289	+81	-345
Other	101	102	+ 1	263 2/	231 2/	-32	- 31

African gold and total short-term dollar holdings fell from $987 million on December 31, 1947, to $564 million on June 30, 1948. Included in the $423 million drain was a decline of $387 million in gold which was attributable entirely to the severe reduction of the gold reserves of the Union of South Africa. The Union's loss of $38 million in short-term dollar balances also accounted for the entire net decline in dollar balances.

The severe loss of gold and dollars experienced by the Union of South Africa was nearly two and one-half times as much during this six months period as in the entire year 1947. The total drop in South African gold and dollar reserves of $426 million does not reflect the additional loss of about $205 million in gold newly mined during this period. The disposition of this $631 million in gold and dollars was accounted for by the $325 million gold loan to the United Kingdom, $216 million in gold sales to the U.S., gold sales to Canada and sales to the United Kingdom to cover dollar transactions handled through London totaling together about $65 million, and the drawing down of $38 million in short-term dollar assets held with U.S. banks. Aside from the $325 million gold loan, the gold and dollars were used principally to defray payments deficits with the U.S. and Canada which amounted to $255 million with the U.S. and $34 million with Canada.

1/ Note cover, principally sterling, but including some Egyptian government treasury bills and securities.
2/ Includes $207 million currency reserve fund (sterling) of British West Africa.

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In spite of a sizable deficit on current account with the United Kingdom and other sterling traders, South African official non-dollar foreign exchange holdings were increased by $81 million due to the continued inflow of sterling capital which may have included over $300 million from the U.K. alone. This inflow, which has enabled South Africa to meet its large sterling deficit on current account without resort to further gold sales, has declined considerably since the end of May, 1948, because of the Union's emergency financial regulations imposing restrictions on sterling transfers as well as the investment-deterring victory of the anti-British Nationalists in the May South African elections. Aside from certain salutary domestic effects of the retardation of capital inflow, much of which was beyond exploitable investment opportunities, it is expected that the sterling payments deficit, in the absence of sterling capital inflow, will now largely dissipate an amount of gold equivalent to the gold loan to the U.K. by the end of 1950.

In order to ameliorate the South African reserve position, the South African government has recently reduced the statutory gold reserve ratio from 30% to 25% and has provided that, for purposes of reserve ratio computation, Reserve Bank liabilities shall henceforth be net of external assets. The efforts to get "flight" sterling out of South Africa is partially aimed at desterilizing gold now held as reserve requirements against the idle funds. South African officials are reported as seeking a $300 million dollar loan in the U.S. of which it is said they actually expect to get only about $200 million -- $100 million from private sources and $100 million from the Export-Import Bank. The opening up of the Orange Free State gold fields and general industrial expansion have created an unprecedented demand for producers' goods principally available in the United States alone. There has also been a vigorous demand for U.S. consumer goods. This demand, viewed against a diminished gold and dollar reserve position and with the maintenance of gold, South Africa's prime export, at a fixed price in the face of world-wide commodity price inflation, may result in some form of temporary selective import control for South Africa. Potential increased U.S. private investment in the Union is also looked to by South African officials as a possible way out short of import quotas.

Egypt

Egyptian gold and short-term dollar balances remained fairly constant during the first six months of 1948 and on June 30, 1948 consisted of $53 million in gold, $13 million in officially-held dollar balances, and $14 million in dollar balances privately held. Hard currency receipts in 1948 from convertible sterling releases and U.S. sources, including the recent increase in the U.S. import quota on Egyptian long-staple cotton, will be largely offset by the necessity of paying hard currencies for Belgian imports and some British oil products previously bought with sterling. Anticipated dollar earnings may be reduced in addition due to alleged countertreaty trans-shipments to the U.S. by Russia or Eastern Europe of Egyptian long-staple cotton obtained by Russia under the Russo-Egyptian treaty agreement.

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The figure cited in the tables for Egyptian holdings of official non-dollar foreign exchange, namely $613 million, represents the note-cover of Egypt and includes an undetermined amount of Egyptian Government Treasury bills and securities. The non-dollar official foreign exchange of Egypt consists principally of sterling in either blocked or released accounts. Although the U.K. has released over $320 million in sterling to Egypt since June 30, 1947, only a nominal amount has been convertible into hard currencies. By July 8, 1948, sterling held in the Egyptian No. 1 Account (released and spendable sterling) was reported to be about $345 million. It is evident that sterling releases to Egypt do not as yet represent "unrequited" exports on the part of the U.K. On the contrary, Egypt normally earns enough from invisible receipts to achieve a favorable balance of payments on current account with the U.K. During the first six months of 1948, Egypt's active merchandise trade balance with the U.K. amounted to $50 million and her overall active merchandise trade balance, despite deficits with hard currency countries, was above that figure. So long as Egypt continues to achieve a surplus on current account with the U.K. and other sterling traders, sterling releases in any but a convertible form will remain merely bookkeeping transactions.

The dollar shortage continues to limit imports from the U.S., although, in 1948, the situation has improved over 1947. In order to live within dollar receipts, Egypt has resorted to dollar import licensing and bilateral clearing and barter agreements. The sterling surplus, combined with the dollar shortage, has resulted in official licensing of imports from the U.S. against payment in sterling discounted for dollars in various money markets. This recent development has already contributed significantly to the amounts of dollar goods available to Egypt.

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Asia

Change in Asiatic Total Gold and Short-Term
U.S. Dollar Holdings and
Other Official (Non-Dollar) Foreign Exchange Holdings
December 31, 1947 - June 30, 1948

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Other Official (Non-Dollar) Foreign Exchange Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Total Asia	1,990	1,933	-57	5,090	5,222	+132	+ 75
China and Manchuria	327	240	-87	(est) 40	(est) 40	-	- 87
India and Pakistan	334	351	+17	4,559	4,651 1/	+ 92	+109
Netherlands East Indies	249	213	-36	(est) 2	(est) 2	-	- 36
Philippine Islands	489	466	-23	n.a.	n.a.	-	- 23
Other	591	663	+72	489	529	+ 40	+112

In spite of a visible trade deficit with the U.S. of about $380 million during the first six months of 1948, Asia (excluding Turkey which is treated with E.R.P. countries) lost only $57 million in gold and total short-term dollar holdings as compared to a $286 million loss in 1947. The $57 million decline involved a loss of $72 million in officially-held short-term dollar balances partially offset by gains of $2 million in gold and $13 million in short-term dollar balances privately held. The $380 million visible trade deficit plus the invisible trade deficit were paid for out of this $57 million, about $340 million in U.S. government grants and credits to Asia during the six months period, and the $44.2 million in dollars drawn from the I.M.F. by India.

China, Japan, Korea, and the Philippines received the bulk of U.S. aid given to Asia from January through June 1948, which enabled them to cut their gold and dollar losses or acquire temporary gains. India, while ceding $10 million gold to Pakistan, according to the terms of partition, gained in reserves as a result of the $44.2 million I.M.F. drawing. Briefly, the

1/ As of July 2 for India and July 9 for Pakistan.

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$57 million net increase in Asiatic gold and total dollar holdings was principally composed of gold and total dollar gains of $48 million by Japan, $24 million by Korea (included in the report but occurring during July 1948), $21 million by Siam, and $17 million by India-Pakistan-Burma-Ceylon and losses of $87 million by China, $36 million by the Netherlands East Indies, and $23 million by the Philippines.

Officially-held non-dollar foreign exchange amounted to $5,222 million on June 30, 1948, as compared with $5,090 million on December 31, 1947. A large part of this $132 million increase was due to the creation of foreign exchange arising out of the establishment of Pakistan as an independent state which resulted in Indian rupees being held as foreign exchange by Pakistan and Pakistanian rupees being held as foreign exchange by India.

With the exception of the franc-holding Syria and Lebanon, almost the entire amount of Asia's non-dollar officially-held foreign exchange, as listed in the tables, is in sterling. India and Pakistan together hold on July 2, 1948 $4,651 million or about 89% of the total identifiable foreign exchange officially held by Asia. This amount was composed principally of sterling. Under the terms of financial agreements of the U.K. with India and Pakistan in July 1948, their total sterling holdings were later greatly reduced by Indian payments to the U.K. in August 1948, of about $890 million in sterling for pensions of British civil servants who had worked in India and for U.K. fixed assets taken over by India, the payment being net of U.K. liabilities to India incurred during the war. These payments were chargeable to the No. 2 or "blocked" account of India.

Of the approximately $3.3 billion in sterling available to India by the end of August, 1948, only about $400 million was held in the released and spendable No. 1 Account, the remainder continuing to be blocked except for a possible maximum release up to mid-1951 of $320 million under the terms of the July 1948 agreement with the U.K. The $400 million represented a gain in the No. 1 Account of about $175 million from the end of 1947, in spite of the $40 million converted to hard currency under a February 1948 agreement with the U.K. and reported to have been spent. By adding the $175 million increment to the $40 million converted from sterling earnings to hard currency, it is apparent that India had an active balance of sterling payments of approximately $215 million during the first two-thirds of 1948. On the other hand, India's hard currency deficit on current account with the U.S. and Canada during the six months ended June 30, 1948, amounted to about $94 million, largely covered by the $40 million convertible release and the $44 million drawn from the I.M.F.

The division of the assets of pre-partition India set Pakistan up as a major sterling holder, most of those assets being in sterling. Along with India and Ceylon, however, Pakistan is one of the three countries in the sterling area which have signed with the U.K. to spend only a limited amount of their sterling holdings represented by agreed releases to the No. 1 Account. In February 1948, Pakistan had $80 million in sterling in this account of which about $13 million was freely convertible. By the

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time Pakistan entered into the July agreement with the U.K., the account had grown to about $140 million, due to a sizable surplus balance on current account. Under the July agreement, Pakistan received an additional sterling release to the No. 1 Account of $20 million plus a possible $20 million more under certain conditions, the agreement to extend until July 1, 1949. Of this new release, $20 million is freely convertible and, together with Pakistan's surplus merchandise trade balance with the United States of an annual rate of about $17 million, Pakistan appears to be making some progress in international trade.

China's economy has been suffering a runaway inflation, the discrepancy between official exchange rates and the black market rates discouraging export trade and remittances from being transacted through official channels and resulting in the continued loss of officially-held foreign exchange. In spite of about $52 million in U.S. government aid during the six months ended June 30, China's dollar losses amounted to $87 million, drawing her short-term dollar holdings down to a total of $143 million of which $76 million was privately held. There was no reported change during the six month period in China's $97 million gold holdings. In August, the Chinese government replaced the hopelessly inflated Chinese National Currency (CNC) rated at about 12 million to one U.S. dollar, by a gold yuan (GY) currency with an initial official rate of 4 to one U.S. dollar. The new currency is reported to be backed by a 40% gold, silver, and foreign exchange cover and a 60% cover in the form of government-owned enterprises and alien property. This appears to be the same backing which theoretically covered the old CNC currency. The planned limitation of the issuance of the gold yuan currency to 2 billion was reported to amount to approximately 10 times the total CNC issue cross-rated by the U.S. dollar. Although unprecedented police action temporarily limited black market exchange activity in several important localities, the pressure on the gold yuan was too severe and, on November 22, 1948, it was officially devalued to 20 to 1 U.S. dollar and more favorable rates were allowed in practice. The GY currency issued to date is reported as already exceeding the 2 billion limitation originally planned in August. The large amounts of gold which the government is reported to have obtained from the public under the terms of the August revaluation were partially resold to the public in an effort to restore confidence. So long as huge military expenditures are met by continued recourse to the printing press, there is faint hope for improvement of the Chinese financial situation. However, China still has considerable U.S. dollar aid on the way under existing U.S. government legislation.

The new government of Israel entered the financial picture by establishing the Israeli pound at par with the pound sterling. The U.S. dollar is thus officially rated at $4.025 per pound, presumably because of large Israel holdings of blocked sterling in London and the necessity of getting along with the British. It is estimated that Israel holds in blocked official and private sterling the equivalent of about $250 million. However, in order to expedite the flow of gift dollars to Israel institutions, a premium rate of $3.015 is allowed for the U.S. dollar. U.S. dollars are also sold to importers for approved import trade at this premium rate. Although this raises the price of U.S. imports, the strong demand for U.S. goods is not expected to be deterred by the rate differential.

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Oceania

Change in Oceanic Total Gold and Short-Term
U.S. Dollar Holdings and
Other Official (Non-Dollar) Foreign Exchange Holdings
December 31, 1947 - June 30, 1948

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Other Official (Non-Dollar) Foreign Exchange Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Total Oceania	148	135	-13	687	998	+311	+298
Australia	118	107	-11	483	740	+257	+246
French Oceania	1	1	-	n.a.	n.a.	n.a.	-
New Zealand	29	27	- 2	204	258	+54	+ 52

During the first half of 1948, Australian gold holdings remained constant, at $88 million, all gold production being sold to the U.K. Total short-term dollars held fell from $30 million to $19 million. This $11 million loss in private and official short-term dollar balances with U.S. banks reflects merely the working balance drain, and is only a part of the actual U.S. dollar deficit the remainder of which Australia met from the U.K. dollar pool. The six months balance of payments deficit on current account with the U.S. is reported as $33 million and with Canada $14 million. At annual rates of $66 million and $28 million, these deficits are less than half the 1947 deficits of $146 million with the U. S. and $66 million with Canada. The greatly improved dollar balance of payments position of Australia demonstrates the progress of the Australian import budget program necessitated by the tight supply of dollars in the U.K.

The Australian position would have been even more improved were it not for the "dollar leak" which is reported to have developed during this period. The "dollar leak" entails the purchase of sterling at a discount by European companies principally in the Netherlands, France, and Italy, and the use of this discounted sterling in buying wool and other Australian commodities for reshipment to the United States at reduced prices. Efforts are being made by Australia to plug the "leak" but it is evident that the present world dollar shortage is conducive to the continuation of this practice. In the fiscal year ending June 30, 1949, Australia's dollar deficit is expected to remain under $100 million by diligent adherence to a dollar import budget of between an estimated $200 to $210 million.

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Despite the dollar deficit expressed in Australian banking data principally as a loss in sterling, Australia's non-dollar foreign exchange rose from $483 million on December 31, 1947, to $740 million on June 30, 1948, a gain of $257 million. Most of this gain was attributable to Australia's overall merchandise trade surplus due to large exports of wool and wheat at high prices. Australia had a large active balance with E.R.P. countries during this period. The Australian fiscal 1949 budget provides for a gift to the U.K. of over $30 million in the form of a reduction of Australia's sterling holdings which compares with an $80 million gift in 1947.

New Zealand's gold and total dollar holdings remained almost constant during the six months period; on June 30, 1948, New Zealand held $23 million in gold, $1 million in official short-term dollar balances and $3 million in private short-term dollar balances. However, New Zealand's recourse to the U.K. dollar pool, as represented by the balance of payments deficit on current account with the U.S. and Canada was about $32 million during the six months period. At an annual rate of $64 million, this compares with the 1947 dollar deficit with the U.S. and Canada of $91 million. It is evident that, in keeping with the policy of aiding the U.K. to the greatest extent possible, New Zealand is trimming her dollar imports in an apparently successful effort to conserve U.K. dollar holdings.

The non-dollar official foreign exchange holdings of New Zealand increased from $204 million on December 31, 1947, to $258 million on June 30, 1948, a gain of $54 million. This gain was largely accounted for by the $52 million balance of payments surplus on current account which New Zealand had vis-a-vis the U.K. Although New Zealand officials carefully conserve foreign exchange, it is expected that the strong demandfor imports will reduce these holdings during the second half of 1948.

In August, 1948, the New Zealand pound was revalued from $3.25 to $4.03 or parity with the pound sterling. This is reported to have been an internal measure designed to counteract the recent price increase granted New Zealand agricultural exports by the U.K. and to exercise a deflationary effect prior to next year's elections. It is not expected to curtail exports as New Zealand can export satisfactorily at parity with the pound sterling; nor can it be said to have been designed to increase imports into New Zealand as this end could have been more easily accomplished through more liberal import licensing. It will mean, however, a substantial loss to the Reserve Bank of New Zealand which holds about 90% of sterling exchange in New Zealand and will now have to sell pound sterling against lesser amounts of local currency.

Although cutting dollar expenditures, Australia and New Zealand are raising their overall imports by taking proportionately greater amounts from sterling traders. Despite increased imports, both countries are expected to achieve visible trade surpluses in the fiscal year ending June 30, 1949.

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Latin America

Change in Latin American Total Gold and Short-Term
U.S. Dollar Holdings and
Other Official (Non-Dollar) Foreign Exchange Holdings
December 31, 1947 - June 30, 1948

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Other Official (Non-Dollar) Foreign Exchange Holdings			Total Change
	Dec.31 1947	June 30 1948	Change	Dec.31 1947	June 30 1948	Change	
Total Latin America	2,980	2,918	- 62	1,105	945	-160	-222
Argentina	555	388	-167	625	507	-118	-285
Brazil	458	470	+ 12	376	339	- 37	- 25
Cuba	581	584	+ 3	n.a.	n.a.	n.a.	+ 3
Mexico	239	197	- 42	4	7	+ 3	- 39
Uruguay	208	242	+ 34	76	71	- 5	+ 29
Venezuela	292	372	+ 80	-- 1/	-- 1/	-- 1/	+ 80
Other	647	665	+ 18	24	21	- 3	+ 15

Although Latin American gold and short-term U.S. dollar holdings continued to decline during the first six months of 1948, this period saw a significant lessening of the rate of decline. Total gold and short-term U.S. dollar (official and private) balances decreased from $2,980 million on December 31, 1947 to $2,918 million on June 30, 1948, representing a loss of $62 million, which was at a considerably smaller rate of decrease than the $744 million decline experienced during 1947. Official non-dollar foreign exchange holdings decreased from $1,105 million to $945 million, showing a loss of $160 million.

The net decrease of $62 million in gold and dollar holdings during the six-months' period reflected a loss of $69 million in gold, $1 million in private short-term balances in the U.S., and an increase of $8 million in official short-term dollar balances in the U.S. The most significant factor influencing the improved position of the Latin American countries was the sharp reduction of the area's merchandise trade deficit with the U.S. During the six-months' period, imports from the U.S. dropped by 11 percent and exports rose by 16 percent, compared with 1947 on an annual rate basis; total imports declined by 13 percent and exports increased by 15 percent, compared with the first half of 1947. As wartime-earned gold and dollars dwindled and sources of dollars and convertible exchange outside the U.S. decreased, the stringent exchange and trade controls of the Latin American

1/ Less than $500,000.

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countries continued and several countries adopted more severe measures than previously. These restrictions contributed markedly to the improved balance of trade position of the Latin American countries vis-a-vis the U.S.

Latin American holdings of official other foreign exchange reversed an upward trend of $147 million noted during 1947 and declined by $160 million during the first six months of 1948. Contributing heavily to this decline was the Argentine loss of $118 million in foreign exchange holdings other than dollars during the first six months of 1948.

Argentina, with gold and dollar balances of $388 million on June 30, 1948, suffered the largest losses of reserves in Latin America during the first half of the year, although the rate of decline was less than that shown in 1947. The most substantial reductions occurred in gold and in foreign exchange holdings other than dollars, the loss amounting to $118 million in each category. In addition, Argentina lost $17 million in official short-term dollar balances in the U.S. and $32 million in private dollar balances. A merchandise trade deficit amounting to approximately $150 million with the U.S. during the six-months' period contributed to the loss of gold and dollar resources, but more stringent foreign exchange regulations promulgated toward the end of the period aided in reducing the rate of decline and foreshadowed greater effects in the future. In this connection, an attempt was made to divert trade to countries with which Argentina had compensation agreements and favorable balances. In spite of an apparently sizable active trade balance with non-dollar countries, Argentina's holdings of non-dollar foreign exchange decreased by $118 million due to large payments for former British-owned railways and other capital movements.

Of the other Latin American countries which suffered losses of reserves during the period, Mexico experienced the greatest decline. Two and one-half years of substantial deficits in international accounts caused in part by unfavorable trade balances brought Mexico's official gold and short-term dollar holdings to $85 million and private dollar balances to $112 million, representing a loss of gold and total dollars since December 31, 1947 of $42 million. Official non-dollar foreign exchange holdings increased by $3 million to reach a total of $7 million. In spite of official efforts to improve its dollar position, Mexico's trade balance with the U.S. was unfavorable during the first six months of 1948 to the extent of $135 million, or $270 million on an annual rate basis, compared with $372 million for the year 1947. The $135 million trade deficit was met in part by the $42 million decrease in gold and dollar holdings, credits under the U.S. Stabilization Agreement, and loans from the Export-Import Bank. As result of the gold and dollar losses and in conjunction with other important factors, the Bank of Mexico on July 22, 1948 withdrew its support of the 20.6 cent value of the peso, and the rate was left to the determination of market influences.

During the first half of 1948, Brazil's total gold and short-term dollar holdings increased by $12 million. Official non-dollar foreign exchange, on the other hand, decreased by $37 million. The improvement in Brazil's dollar position may be attributed to more stringent trade and foreign

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exchange regulations which reduced Brazil's unfavorable balance of trade vis-a-vis the U.S. from $197.6 million during 1947 to a rate of $33.6 million for 1948 (based on an actual trade deficit of $16.8 million for the first six months of 1948). An unfavorable trade balance with Great Britain during the six-months' period and repatriation of some British investments contributed to the decline of non-dollar foreign exchange holdings.

The greatest gain in total gold and short-term U.S. dollar holdings in Latin America was made by Venezuela. Gold purchases from the U.S. in the amount of $48 million since December 31, 1947 enabled it to reach an all-time high of $262 million in gold holdings. Venezuela's holdings of short-term U.S. dollar balances increased by $32 million during the same period. Large capital investments contributed substantially to this rise. Venezuela thus remained in a strong position while increasing both its imports from and exports to the U.S. during the period and reducing its unfavorable trade balance with the U.S. only slightly.

Uruguay also improved its position since December 31, 1947, increasing its gold holdings by $28 million (purchased from the U.S.) and its privately held dollar balances by $7 million, while losing $1 million in officially held dollar balances. Official non-dollar foreign exchange holdings declined by $5 million. Uruguay's active trade balance during the first six months of 1948 was $12 million, or $24 million on an annual rate basis, compared with a passive balance of $37 million during 1947. Stringent import controls undoubtedly contributed to Uruguay's improved gold and dollar position.

Cuba's strong reserve position, which had been marked by a substantial increase in 1947, remained almost unchanged; a net increase of only $3 million in gold and dollar holdings took place during the first six months of 1948.

Other Latin American countries showed only minor changes in their holdings. Continued exchange and import controls as well as the institution of more stringent controls by some countries in this area were important factors in arresting the severe drain of reserves which occurred during previous years.

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Table I

Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas December 31, 1947 and June 30, 1948 1/
(Millions of Dollars)

I	II		III		IV		V		VI	
	Short-term Dollar Balances in U.S.									
	Official		Private		Total Gold and Dollars (I + II + III)		Other Official (Non-Dollar) Foreign Exchange		Total Gold and Dollars and Other Official Foreign Exchange (IV + V)	
ial ldings June 30, 1948	Dec.31, 1947	June 30, 1948	Dec.31, 1947	June 30, 1948	Dec.31, 1947	June 30, 1948	Dec.31, 1947	June 30, 1948	Dec.31, 1947	June 30, 1948
5,211	343	469	1,428	1,452	7,308	7,132	1,535	1,508	8,843	8,640
(1,611)	(67)	(61)	(415)	(484)	(2,152)	(2,156)	(291)	(305)	(2,443)	(2,461)
3,446	172	153	58	59	3,622	3,658	66	64	3,688	3,722
(8,657)	(515)	(622)	(1,486)	(1,511)	(10,930)	(10,790)	(1,601)	(1,572)	(12,531)	(12,362)
350	144	352	267	241	705	943	N.A.	N.A.	705	943
465	80	48	55	51	987	564	1,091	1,133	2,078	1,697
971	684	611	337	351	1,990	1,933	5,090	5,222	7,080	7,155
111	15	8	22	16	148	135	687	998	835	1,133
1,626	449 3/	457 3/	836	835	2,980	2,918	1,105	945	4,085	3,863
-	1	-	21	18	22	18	-	-	22	18
12,180	1,888	2,098	3,024	3,023	17,762	17,301	9,574	9,870	27,336	27,171

in N.A.C. Staff Document No. 225" on page 30.

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1/ Official figures were used for gold
those countries which do not publis
countries included in the area tota

2/ Includes gold holdings of the Tripa

3/ Includes U.S. dollar currency held

4/ Excludes holdings of international

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, dollar, and other foreign exchange holdings wherever available. Estimates have been used, where available, for h figures on their gold and foreign exchange holdings. Where data for the report dates were not available for l, earlier published data or estimates, if available, were used.

rtite Commission for the Restitution of Monetary Gold.

in vaults of Cuban Treasury.

organizations. These holdings are shown in Table III.

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Table II

Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas and by Countries as of June 30, 1948*

(In Millions of Dollars)

Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other official (non-dollar) foreign exchange	V Total gold and official foreign exchange	VI Private short-term dollar balances in U.S.	VII Total gold and dollars (II + III + VI)
Europe							
ERP Countries							
Austria	14	19	2 1/	9	30	7 1/	28
Belgium and Luxembourg	276	622	13	272	907	129	764
Denmark	1	32	11	34	77	29	72
France	134 2/	568	37	103 3/	708	130	735
Germany	-	-	47	134 4/	181	37	84
Greece	4 5/	(est) 6	18	82	106	16	40
Iceland	-	1	- 1/ 6/	3	4	1 1/	2
Ireland	2	11	2 1/	2 3/	15	11 1/	24
Italy 7/	30	(est) 60	108	(7-31-48) 88	256	97	265
Netherlands	121 8/	(est) 211	16	161	388	97	324
Norway	20	66	12	96 3/	174	46	124
Portugal	140	(est) 266	10	305 3/	581	25	301
Sweden	27	85	6	172 3/	263	32	123
Switzerland 9/	586	1,345	51	N.A.	1,396	459	1,855
Trieste	-	-	- 1/	N.A.	-	3 1/	3
Turkey	70	164	5	47	216	18	187
United Kingdom	405	(est) 1,755	131	N.A.	1,886	315	2,201
Total, ERP	1,830	5,211	469	1,508	7,188	1,452	7,132

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other official (non-dollar) foreign exchange	V Total gold and official foreign exchange	VI Private short-term dollar balances in U.S.	VII Total gold and dollars (II + III + VI)
Other Europe							
Albania	-	(est) 1	- 6/1/	N.A.	1	- 6/1/	1
Bulgaria	-	(est) 25	2 1/	N.A.	27	- 6/1/	27
Czechoslovakia	11	(est) 17	3 1/	(est) 55	75	19 1/	39
Estonia	-	(5/40) 13	2 1/	N.A.	15	1 1/	16
Finland	6	6	20	10	36	9	35
Hungary	-	38	1 1/	8	47	2 1/	41
Latvia	3	(7/40) 14	5 1/	N.A.	19	1 1/	20
Lithuania	3	(8/40) 11	- 1/	N.A.	11	- 1/6/	11
Poland	28 11/	(est) 62	7 1/	10	79	5 1/	74
Rumania	13	216	4	6	226	3	223
Spain	-	111	9	N.A.	120	9	129
U.S.S.R.	-	(est) 2,670	53	N.A.	2,723	1	2,724
Vatican City	31	31	8	N.A.	39	-	39
Yugoslavia	47	(est) 62	14	N.A.	76	3	79
Other	-	-	-	-	-	3	3
Unidentified	-	-	25	- 25	-	3	28
Total, Other Europe	142	3,277	153	64	3,494	59	3,489
Tripartite Commission	11	169	-	-	169	-	169
Total, Europe	1,983	8,657	622	1,572	10,851	1,511	10,790
North America							
Canada	-	(est) 350	352	N.A.	702	239	941
Greenland	-	-	-	N.A.	-	-	-
Newfoundland	-	-	-	N.A.	-	2	2
Total, North America	-	(est) 350	352	N.A.	702	241	943

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other official (non-dollar) foreign exchange	V Total gold and official foreign exchange	VI Private short-term dollar balances in U.S.	VII Total gold and dollars (II + III + VI
Africa							
Algeria	-	14	1 1/	N.A.	15	1 1/	16
Belgian Congo	6	18	18 1/	8	44	3 1/	39
Egypt and Anglo-Egyptian Sudan	-	53	13	613 12/	679	14	80
Ethiopia	-	1	2 1/	16	19	1 1/	4
French Morocco	-	(est) 6	6 13/	N.A.	12	8	20
French West Africa	-	N.A.	1 1/	N.A.	1	2 1/	3
Tangier	-	N.A.	2 1/13/	N.A.	2	12 1/	14
Union of South Africa	38	373	3	289 3/	665	6	382
Other French Africa	-	N.A.	2 1/	N.A.	2	1 1/	3
Other Africa	-	N.A.	- 1/6/	207 14/	207	3 1/	3
Total, Africa	44	465	48	1,133	1,646	51	564
Asia							
Afghanistan	33	(est) 37	7 1/	7	51	1 1/	45
British Malaya	-	N.A.	- 6/	N.A.	N.A.	10	10
Burma	-	N.A.	- 1/	20	20	1 1/	1
Ceylon	-	N.A.	- 6/1/	34 3/	34	1 1/	1
China and Manchuria	12 15/	97	67	(est) 40	204	76	240
French Indo-China	-	N.A.	3	N.A.	3	2	5
Hong Kong	-	N.A.	- 6/	N.A.	N.A.	48	48
India	-	264	46	(7/2/48) 4,203 3/	4,513	27	337
Iran	-	142	4 1/	105	251	7 1/	153
Iraq	-	N.A.	1 1/	8 3/	9	3 1/	4
Japan	-	206 16/	- 6/	N.A.	206	79 17/	285
Lebanon	-	(est) 2	- 1/6/	(3/48) 90 18/	92	7 1/	9
Korea (South)	-	N.A.	24 1/	N.A.	24	- 1/	24
Netherlands East Indies	114	178	23	(est) 2	203	12	213

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other official (non-dollar) foreign exchange	V Total gold and official foreign exchange	VI Private short-term dollar balances in U.S.	VII Total gold and dollars (II + III + VI
Asia (Cont'd.)							
Pakistan	-	10	- 6/1/	(7/2/48) 448 3/	458	4 1/	14
Palestine	-	N.A.	- 1/	(est) 160 19/	160	25 1/20/	25
Philippine Islands	1	1	418	N.A.	419	47	466
Saudi Arabia	-	N.A.	13 1/	N.A.	13	4 1/	17
Siam	-	(12/47) 33	32 1/	(12/47) 31	96	3 1/	68
Syria	-	(est) 1	1 1/	(3/48) 46 18/	48	2 1/	4
Unidentified and Other	-	-	- 28 21/	+ 28	-	- 8 21/	- 36 21/
Total, Asia	160	971	611	5,222	6,804	351	1,933
Oceania							
Australia	-	88	6	740 3/	834	13	107
French Oceania	-	N.A.	1 1/	N.A.	1	- 6/1/	1
New Zealand	-	23	1	258 3/	282	3	27
Total, Oceania	-	111	8	998	1,117	16	135
Latin America							
Argentina	12	201	88	507 3/	796	99	388
Bolivia	12 22/	23	4	2	29	10	37
Brazil	297 23/	354	65	339 3/	758	51	470
Chile	21	46	11	N.A.	57	42	99
Colombia	-	(7/3/48) 65	29	N.A.	94	19	113
Costa Rica	2	2	4	N.A.	6	6	12
Cuba	288	289	71 24/	-	360	224	584
Dominican Republic	4	4	22 1/	N.A.	26	26 1/	52
Ecuador	14 25/	21	4 1/	- 6/	25	5 1/	30
El Salvador	10	15	1 1/	19	35	7 1/	23
French West Indies and Guiana	-	N.A.	1	N.A.	1	- 6/	1

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other official (non-dollar) foreign exchange	V Total gold and official foreign exchange	VI Private short-term dollar balances in U.S.	VII Total gold and dollars (II + III + VI)
Latin America (Cont'd.)							
Guatemala	23	27	6 1/	15	48	14 1/	47
Haiti	2	2	4 1/	5	11	5 1/	11
Honduras	-	- 6/	1 1/	1	2	2 1/	3
Mexico	14	71	14	7	92	112	197
Netherlands West Indies and Surinam	12	(est) 17	11	N.A.	28	7	35
Nicaragua	4 26/	4	1 1/	5	10	4 1/	9
Panama	-	- 6/	2	1	3	78	80
Paraguay	- 6/	- 6/	2 1/	9	11	2 1/	4
Peru	1	20	7	2	29	31	58
Uruguay	73	203	1 1/	71 3/	275	38 1/	242
Venezuela	47	262	70	- 6/	332	40	372
British Possessions	-	N.A.	- 1/6/	N.A.	- 6/	6 1/	6
Unidentified	-	-	38	- 38	-	7	45
Total, Latin America	836	1,626	457	945	3,028	835	2,918
Unidentified	-	-	-	-	-	18	18
GRAND TOTAL	3,023	12,180	2,098	9,870	24,148	3,023	17,301

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NOTE:

Gold: Data represent total holdings of governments and central banks without regard to location of holdings.

Short-term dollar balances: Composed principally of deposits in United States banks and holdings of U.S. Government Treasury bills and certificates as reported by banks and bankers in the United States.

Official: Short-term balances reported by banks in the United States held for the account of foreign governments, central banks, and other official institutions.

Private: Short-term balances reported by banks in the United States held for the account of institutions and persons, other than official, domiciled in foreign countries.

Other official (non-dollar) foreign exchange: Short-term non-dollar foreign exchange assets held by governments, central banks, and other official institutions. In certain cases where short-term non-dollar official foreign exchange could not be segregated from long-term assets serving as note cover, but the amounts of such short-term assets are considered to be an important part of the total, a total figure including long-term assets is shown.

FOOTNOTES:

* Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used, where available, for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for June 30 were not available, earlier published data or estimates, if available, were used.

1/ Deposits only with reporting limited to the Second Federal Reserve District; data as of July 31, 1948.

2/ Includes $104 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

3/ Includes primarily sterling balances.

4/ Bizone only, as of April 1, 1948.

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FOOTNOTES (Cont'd.):

5/ Includes $2.9 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

6/ Less than $500,000.

7/ Vatican City holdings excluded.

8/ Includes $10.5 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

9/ Excludes the holdings of the Bank for International Settlements.

10/ Excludes claim for $1.3 million filed with Tripartite Commission.

11/ Held as collateral for a loan on gold granted by the Federal Reserve Banks.

12/ Principally note cover, including some long-term British securities and a small amount of Egyptian Government securities.

13/ $5 million reported under Tangier is included under French Morocco as it is believed to belong to Banc de Etat du Maroc, which is considered to be a French Moroccan institution.

14/ Includes only British West Africa sterling reserve fund as of December 31, 1947.

15/ Includes $10 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

16/ Includes approximately $82 million of gold claimed by the following countries to be held on earmark by the Japanese Government: Siam, $43.7; Indo-China, $37.2; China, $0.7; and Italy, $0.2.

17/ Reported to be held by private banks principally for the account of S.C.A.P.

18/ Principally French franc note cover for currency.

19/ Estimated sterling note-cover holdings of Palestine Currency Board.

20/ Believed to consist principally of Israeli holdings.

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FOOTNOTES (Cont'd.):

21/ Since certain July 31, 1948 data have been included where indicated, a negative figure is shown in order to compensate for increases in balances from June to July and to maintain the grand total as reported for June 30.

22/ Includes $5.3 million held as collateral for loans made by U.S. banks.

23/ Includes $81.6 million held as collateral for loans on gold granted by Federal Reserve Banks.

24/ Includes $66.1 million in United States dollar currency held in Cuba, $65.0 million of which is on deposit in Treasury vaults as coverage for Cuban silver certificates.

25/ Includes $1.8 million held as collateral for loans on gold granted by the Federal Reserve Banks.

26/ Includes $2.8 million held as collateral for loans made by U.S. banks.

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Major Adjustments to Tables in N.A.C. Staff Document No. 225 (December 31, 1947) which make it comparable to Tables I and II of this Document
(In Millions of Dollars)

Country	Correction to total gold as of 12/31/47	Correction to official short-term dollar balances as of 12/31/47	Correction to other official (non-dollar) foreign exchange as of 12/31/47	Explanation
Afghanistan	-	-	+ 7	New data.
Australia	-	-	+ 8	Held in General Banking Division of Commonwealth Bank in London.
Burma	-	-	+ 20	New data.
Canada	-	- 4	-	Were long term.
Ceylon	-	-	- 90	Long-term portion of Currency Board holdings.
Cuba	-	+ 67	- 52	New interpretation of Cuban Treasury Statement re U.S. currency held in Cuban Treasury.
Dominican Republic	-	+ 2	-	New data.
Greece	- 1	-	-	Revised estimate.
Iceland	-	-	- 6	Believed to have been long-term holdings.
Iraq	-	-	- 157	Long-term portion of Currency Board holdings.
Lebanon	-	-	+ 10	New data.
Mexico	-	-	- 14	New data.
Norway	- 3	-	-	New interpretation of Bank of Norway statement.
Other Africa	-	-	+ 207	New data; currency reserve fund of British West Africa.
Syria	-	-	- 10	New data.
United Kingdom	- 19	-	-	New data.
Yugoslavia	- 16	-	-	Revised estimate.
Ireland	-	-	- 162	Principally long-term holdings.
Total	- 39	+ 65	- 239	

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Gold and Foreign Exchange Holdings of International Institutions
June 30, 1948

(In millions of dollars)

	Gold	Dollars	Other Exchange	Total
Bank for International Settlements	30	31	N.A.	61
International Bank	- 1/	448 2/	923	1,371
International Monetary Fund	1,363	1,442	4,000	6,805
Other	-	37	N.A.	37
Total 3/	1,393	1,958	4,923	8,274

1/ Less than $500,000.

2/ Excludes $74.5 million in U.S. Government securities with original maturity of more than 1 year.

3/ December 31, 1947 holdings were: Gold, $1,391 million; Dollars, $2,274 million; Other exchange, $4,742 million; Total, $8,407 million.

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National Advisory Council
Staff Document No. 352
July 1, 1949

MEMORANDUM

To: National Advisory Council Staff Committee

From: The United States Treasury Department

Subject: OFFICIAL GOLD AND FOREIGN EXCHANGE RESOURCES AND PRIVATE DOLLAR BALANCES OF FOREIGN COUNTRIES AS OF DECEMBER 31, 1948.

Gold and short-term U.S dollar balances held by foreign countries continued to decline during 1948, but the loss was only $68 million for the year in sharp contrast to the record high loss of about $4,000 million in 1947. This decline brought foreign holdings to a total of $17,638 million as of the end of 1948. Gold reserves were $1,040 million less than on December 31, 1947. Official holdings of short-term dollar resources increased by $979 million while non-official holdings decreased by $7 million during the year. In addition, net foreign sales to the United States of gold from current production amounted to about $510 million in 1948 and are therefore not reflected in the changes in gold holdings during the year.

The relatively minor loss of gold and dollar reserves experienced in 1948 as compared with 1947 may be attributed to an improvement in the trade balances of foreign countries with the United States and to financial aid to them. In 1948, as a result of generally increased production abroad, foreign countries were able to expand their exports of goods and services to the United States. Imports from the United States were curtailed in part because of this greater availability of goods and services from non-dollar sources but primarily because governments strengthened their restrictions on imports from hard-currency areas in order to conserve their depleted gold and dollar resources. During 1948, foreign countries imported goods and services from the United States in the amount of $16,826 million as compared with $19,741 million in 1947, a decrease of 15 percent. These imports were financed largely by means of exports of goods and services to the United States amounting to $10,491 million, exceeding the 1947 total of $8,463 million by 24 percent. The United States Government extended net grants and loans of $4,735 million, or about $1,000 million less than in 1947. Other dollar borrowings included $390 million of funds made available through the International Bank and the International Monetary Fund.

The decline of official non-dollar foreign exchange from the equivalent of $10,258 million on December 31, 1947 to $9,758 million on December 31, 1948, a loss of $500 million 1/, may be explained largely

1/ It should be noted that the non-dollar official holdings total excludes data for a number of countries for which estimates are not available. Totals shown are based on such data as are available and necessary adjustments have been made to establish comparability of data for December, 1948 and December, 1947.

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by lowered sterling holdings. This decline resulted principally from the greatly expanded exports of the United Kingdom. While sterling area countries earned sterling during the year through trade with non-sterling countries, particularly in Europe, the United Kingdom decreased its sterling liabilities by large current account surpluses with the sterling area and to a lesser extent with ERP countries. The decline in foreign countries' sterling holdings was offset to a certain extent by rises in the holdings of other non-dollar currencies.

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National Advisory Council
Staff Document No. 352

Europe

Change in European Total Gold and Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1947-December 31, 1948

(In Millions of Dollars)

Area	Total Gold and Short-Term U.S. Dollar Holdings			Official Non-Dollar Foreign Exchange Holdings		
	Dec. 31 1947	Dec. 31 1948	Change	Dec. 31 1947	Dec. 31 1948	Change
Total Europe.....	10,938	10,984	+46	1,675	1,596	- 79
ERP Countries.....	7,323	7,368	+45	1,609	1,466	-143
ERP Recipients.....	5,171	5,206	+35	1,318	1,176	-142
Other ERP Participants.	2,152	2,162	+10	291 1/	290 1/	- 1
Other Europe.....	3,438	3,502	+64	66	130	+ 64
Tripartite Commission..	177	114	-63	—	—	—

1/ Portugal only; data for Switzerland not available.

The European gold and dollar drain was halted in 1948. Total gold and short-term U.S. dollar balances held by European countries (including Turkey) increased from $10,938 million on December 31, 1947 to $10,984 million on December 31, 1948. The gain of $46 million represents a reversal of the trend experienced in 1947 when losses of gold and dollars amounted to almost $2,000 million. The change during 1948 was composed of a $461 million gain in officially-held short-term dollar balances as against losses of $404 million in gold and $11 million in privately-held dollar balances.

ERP Countries

During 1948, the ERP countries generally reduced their losses of gold, short-term dollar balances, and official holding of non-dollar foreign exchange, managing, in some cases, to make considerable gains in these reserves. Their improved reserve position was in large part the result of the meeting of dollar and other foreign exchange payments deficits out of foreign grants and credits, chiefly from the United States Government. Although an important step in 1948 toward the renewal of multilateral trading was taken in the form of the Intra-European payments plan drawn up under ERP, bilateralism remained prevalent as ERP countries strove to retain their gold and dollars.

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In 1948, the ERP countries' net loss of $471 million in gold was more than offset by a $516 million rise in short-term dollar balances. This gain of $45 million is in sharp contrast to the estimated loss of over $2,000 million in gold and short-term dollar balances during 1947. During the first six months of 1948, before ERP aid reached significant proportions, the ERP countries' gold holdings decreased by $334 million while their short-term dollar balances increased by $148 million, a net loss of $186 million. As funds were increasingly made available, the ERP countries were able to cut their net gold drain to $137 million during the second half of 1948, while gaining $368 million in short-term dollar balances.

United Kingdom

The United Kingdom's holdings of gold and short-term dollar assets decreased in 1948 by $196 million. The loss of reserves involved a gold drain of $416 million and a dollar gain of $220 million. However, this loss represented payment for only a fractional part of the $1,700 million United Kingdom dollar deficit. In order to meet this disparity between the dollar deficit and payments out of gold and dollar reserves, the United Kingdom drew down the final $300 million of the United States credit extended under the Anglo-American Loan Agreement, obtained $52 million under the Canadian Credit and $130 million from the I.M.F. (including drawings by India), utilized the equivalent of the $325 million South African gold loan, and financed about $700 million of imports through ECA loans and grants.

Of the $1,700 million dollar deficit, about $1,250 million represented the deficit on United Kingdom account with the dollar area, $105 million was due to the payments made to the dollar area on account of the rest of the sterling area net of United Kingdom purchases of new gold from that area, and about $345 million was incurred on sterling area account (including the United Kingdom) with non-dollar area countries.

The United Kingdom continued its balance of payments surplus on non-dollar account during 1948. This surplus was evidenced by gains in net external capital assets outside the dollar area and decreased sterling liabilities.

Aside from international financial assistance, the United Kingdom was able to improve its overall payments position considerably by exporting about 40 percent more merchandise than in 1947 and by transforming a $760 million 1947 invisibles deficit into a $395 million surplus in 1948. The United Kingdom increased its shipping earnings by rebuilding the British merchant fleet to pre-war size, and tourist receipts were almost doubled in 1948 over 1947.

The sterling liabilities of the United Kingdom have tended to shift to the sterling area from other ERP countries because of these countries' deficits with the rest of the sterling area. Substantial amounts of sterling balances of ERP countries and sterling made available by the United Kingdom as drawing rights under the Intra-European payments agreement were used to cover purchases from the

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rest of the sterling area. The resulting accruals of sterling to the accounts of sterling area countries were largely absorbed by the United Kingdom's development of an ample payments surplus with the rest of the sterling area and by releases of hard currencies against sterling on a bilateral convertibility basis.

France

France gained $26 million in gold and short-term dollar balances during 1948, of which $25 million was in dollars. The maintenance of France's gold and dollar position in spite of a substantial balance of payments deficit was principally due to United States Government aid. Additional means of financing the deficit were derived from the equivalent of $40 million in private non-dollar foreign loans, utilization of $23 million of the International Bank dollar loan, $16 million in gold received from the Tripartite Commission for the Restitution of Monetary Gold, loans from other foreign governments, liquidation of private assets and foreign investments, and net drawings under payments agreements.

France's reliance on United States Government aid is highlighted by the fact that out of total 1948 French merchandise exports of $1,082 million, only about $131 million worth were shipped to the United States. France is also experiencing payments difficulties with Switzerland and Belgium. The reduced market for the normal exports of France due to their comparative non-essentiality and high French production costs have removed many French commodities from foreign markets.

France's sterling holdings were sharply reduced in 1948 by almost the equivalent of $215 million, leaving less than $35 million on December 31, 1948. The sterling liquidation plus sterling credits made possible the meeting of France's $322 million sterling deficit.

Italy

Italian gold and dollar holdings increased substantially from $206 million on December 31, 1947 to $422 million on December 31, 1948. The $36 million gold increase was due to the receipt of $10 million from the Tripartite Commission for the Restitution of Monetary Gold and $26 million from the conversion of Italian export surpluses within Europe and from reported gold purchases and earnings in Switzerland.

Although Italy's merchandise trade deficit was about $420 million, two-thirds of total 1948 merchandise imports were financed by exports as compared to one-half in 1947. Less than one-quarter of the more than $400 million in merchandise imported from the United States, however, was paid with exports, the deficit being covered by United States Government Interim Aid and ECA shipments. The basis for the 1948 increase in Italy's gold and short-term dollar balances was that United States Government aid was predicated on the expectation of lower exports and higher imports than actually materialized. Italy's improved trade position was achieved, however, at the expense of drawing down existing stocks of certain raw materials. Also responsible for the increase in reserves was the extension of short-term credits

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by private United States banks to private Italian banks, sizable dollar remittances from Italians abroad, and earnings from tourism.

Belgium and Luxembourg

The gold holdings of Belgium and Luxembourg increased by $30 million during 1948 while short-term dollar balances declined by only $2 million. The gold increase occurred in spite of $70 million in net sales of gold to the United States in 1948 and was largely due to gold earnings from the United Kingdom on account of the Belgian export surplus in other parts of the sterling area. The $330 million payments deficit with the United States was met principally by $70 million in gold sales, $22 million in IMF dollar drawings, gold and dollar earnings from non-United States trade, and United States Government aid. The $115 million increase of Belgium's non-dollar foreign exchange holdings resulted from export surpluses in merchandise and invisibles with the non-dollar area.

Netherlands

The Netherlands continued to lose gold and short-term dollar reserves in 1948 with a decrease of $78 million, principally during the first six months of the year. Of the $58 million gold loss, all but about $17 million, which was largely sold in settlement of balances with Belgium and Switzerland, was sold to the United States to defray partially the payments deficit which in merchandise trade alone amounted to about $300 million or some 30 percent below the 1947 level. The dollar deficit was also met by the utilization of the remaining $135 million of the loans from the International Bank, $16.5 million drawn from the International Monetary Fund, further liquidation of United States securities, and United States Government aid of $144 million including ECA assistance amounting to about $135 million. Non-dollar official foreign exchange increased from the equivalent of $75 million on December 31, 1947 to $156 million on December 31, 1948, in spite of a large merchandise trade deficit with non-dollar countries. This was made possible by foreign subscriptions to Netherlands Indies oil stock, earnings from invisible exports, net drawing rights under the Intra-European Payments Plan, and the financing of trade through bilateral agreements.

Other ERP Countries

Austrian gold and short-term dollar balances, which amounted to only $10 million on December 31, 1947, were increased to $61 million on December 31, 1948. This increase was mainly due to the receipt of $44 million in gold during 1948 from the Tripartite Commission for the Restitution of Monetary Gold. The $137 million merchandise trade deficit with the United States was covered by United States Government aid.

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Sweden's holdings of gold and short-term dollar balances declined in 1948 by $34 million, including a gold loss of $24 million. However, the 1948 loss represented a material improvement over the 1947 gold and dollar liquidation of $390 million. This relative improvement was due to a sharp decrease in imports from the United States and increased reliance on non-dollar trade involving payments agreements. Sweden's dollar merchandise trade deficit is reported to have been over $100 million in 1948 on an f.o.b. basis, including a deficit with the United States of about $70 million. It appears that the gap between the dollar deficit and the $34 million loss of gold and short-term dollar balances was met by Sweden's net invisible receipts, dollar receipts from Latin America, and prepayment in 1947 for certain goods delivered in 1948. This "prepayment" practice was followed in order to avoid license cancellations. It should be noted that, from the $81 million in gold holdings at the end of 1948, Sweden is expected to return about $8 million in 1949 to the Tripartite Commission for the Restitution of Monetary Gold.

Norway's gold and short-term dollar holdings of $130 million were substantially the same on December 31, 1948 as they were on December 31, 1947, the loss in gold being almost compensated for by the gain in dollar holdings. During the year, Norway reduced by one-half its 1947 dollar deficit and paid for the $53 million passive balance principally out of United States Government aid, gold sales and $5 million in drawings from the International Monetary Fund. The improvement in Norway's dollar payments position was largely the result of stricter dollar import controls. Norway's gold loss of $23 million resulted from the repayment of $13 million to a New York bank and the covering of payments deficits. The non-dollar official foreign exchange holdings of Norway dropped considerably from $87 million at the end of 1947 to $34 million on December 31, 1948 largely as a result of exchange losses to non-dollar, non-sterling countries.

Denmark's short-term dollar balances were reduced by $8 million during 1948, amounting to $45 million at the end of the year, while its gold holdings remained constant at $32 million. Although Denmark's merchandise trade deficit with the United States was approximately $50 million, drawings from the International Monetary Fund of $7 million and from the International Bank of $32 million, and ECA and Export-Import Bank assistance enabled Denmark to defray the United States merchandise trade deficit and other dollar payments to the United States and other countries.

The loss of gold and short-term dollar balances for Turkey amounted to $28 million in 1948, including a loss of $8 million in gold. Over $20 million of the loss was due to the repayment during the first half of 1948 of two United States Federal Reserve Bank loans made in 1947. The dollar deficit was kept down by import restrictions and was met primarily by Export-Import Bank loans, ECA conditional aid, and other United States Government assistance. Turkey's losses of non-dollar foreign exchange became a major problem in 1948, its holdings having declined from the equivalent of $91 million at the end of 1947 to $23 million at the end of 1948. The loss was principally in sterling and was due to export restrictions against sterling at the beginning

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of 1948 at the same time that dollar import restrictions were tightened. This situation led to decreased sterling exports and increased sterling imports, causing the heavy loss of sterling exchange.

The Greek 1948 merchandise trade deficit with the United States was over $200 million but occasioned only a $22 million loss to Greece in gold and short-term dollar balances. The deficit was covered by United States Government grants and credits.

Germany gained $89 million in short-term dollar balances by the end of 1948. Of the $179 million held on December 31, 1948, $129 million were official balances held for the Joint Export-Import Administration, an allied country undertaking. The remaining $50 million are private holdings held largely for individuals in the United States occupation forces and citizens of the United States working in Germany. These private holdings are reported by banks and bankers in the United States as German dollar balances and are included in the dollar figures for Germany. However, they are not available to Germany except as spent in Germany by their non-German holders.

Switzerland's holdings of gold and short-term dollar balances increased by $95 million, from $1,791 million on December 31, 1947 to $1,886 million on December 31, 1948. In 1948 Switzerland incurred a sizable merchandise trade deficit with the United States which was more than covered by gold and dollar earnings from invisible exports to the dollar area and other countries and from gold and dollars derived from payments agreements.

Portugal's gold and short-term dollar holdings dropped from $361 million on December 31, 1947 to $276 million on December 31, 1948, a loss of $85 million. The greater part of the loss consisted of $76 million in gold. Most of the loss was ascribable to the payments deficit with the United States and part was due to the demands of other ERP countries for dollar payments to cover their export surpluses with Portugal. During 1948, the Portuguese exchange situation was hampered by the lowered availability of certain of its principal export goods, sharply reduced cork export sales due to Spanish competition, and the loss of markets for wines due to the foreign exchange shortage.

Tripartite Commission

The gold holdings of the Tripartite Commission for the Restitution of Monetary Gold amounted to $114 million on December 31, 1948, a reduction of $63 million from the estimated $177 million held on December 31, 1947. During 1948 the Commission received $4 million in gold from the Bank for International Settlements, $20 million from Rumania, and a small quantity from Spain to cover looted gold acquired from Germany during the war. The Commission distributed during the year approximately $44 million in gold to Austria, $16 million to France, $10 million to Italy, $10 million to Yugoslavia, and $7 million to Czechoslovakia.

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Other Europe

The $130 million increase in gold held by European countries other than ERP was due to the new production of gold in the U.S.S.R. estimated at over $200 million. As the group of non-ERP countries reduced their short-term dollar balances in the United States by $66 million, their net gain in gold and dollars during 1948 amounted to $64 million. The principal losers of gold in this period were Rumania (about $50 million) and Yugoslavia (about $40 million). The Rumanian loss was largely due to a repayment to Argentina on a gold-secured loan and to the restitution of looted gold to the Tripartite Commission. Yugoslavia has been reported to be selling gold in free markets for hard currencies needed to defray payments deficits.

Canada

Change in Canadian Total Gold and Short-Term
U.S. Dollar Holdings
December 31, 1947-December 31, 1948

(In Millions of Dollars)

Total Gold and Short-Term U.S. Dollar Holdings		
Dec. 31 1947	Dec. 31 1948	Change
703	1,185	+482

In 1948, Canada achieved the largest gain in gold and short-term dollar balances among foreign countries. Included in the gain was a $116 million increase in Canadian gold holdings due principally to gold production. Canada also increased its short-term U.S. dollar balances by $366 million in spite of a $401 million payments deficit with the United States as compared with the 1947 deficit of $1,135 million. The dollar holding increase was made possible by a $150 million private loan obtained by Canada in the United States, net tourism earnings from the United States estimated at about $160 million, United States capital investments in Canada during the year, and, most important, large earnings of U.S. dollars from shipments made to European recipient countries under the European Recovery Program which resulted in a Canadian merchandise trade surplus outside of the United States of over $720 million.

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Africa

Change in African Total Gold and Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1947-December 31, 1948

(In Millions of Dollars)

Country	Total Gold and Short-Term U.S. Dollar Holdings			Official Non-Dollar Foreign Exchange Holdings		
	Dec. 31 1947	Dec. 31 1948	Change	Dec. 31 1947	Dec. 31 1948	Change
Total Africa....	987	399	-588	1,575	1,459	-116
Egypt.....	78	81	+ 3	1,009	999	- 10
South Africa..	808	199	-609	208	132	- 76
Other.....	101	119	+ 18	358	328	- 30

African gold and total short-term dollar holdings fell sharply during 1948. The entire African gold reserve loss was sustained by the Union of South Africa while small gains were made by the Belgian Congo and Ethiopia.

Union of South Africa

As a result of the severe losses suffered during 1948, South Africa's gold reserve was drawn down sharply to a level below that of 1937. Its gold holdings of $183 million as of December 31, 1948 were $578 million less than holdings at the end of 1947. In addition, the Union experienced during the year a drop of $31 million in short-term dollar balances, which, when combined with its gold loss, accounted for a $609 million decline in hard-currency reserves. The entire 1948 production of newly-mined gold, on which the economic structure of South Africa is basically dependent, must be added as a further loss of about $400 million. South Africa, therefore, actually experienced a total drain of $1,009 million in gold and short-term U.S. dollar balances during 1948. This decline can be accounted for by the $325 million gold loan to the United Kingdom, $515 million in gold sales to the United States, an additional estimated $150 million in gold sales, a part of which went to the United Kingdom to cover dollar transactions handled through London, and part to Canada, and the drawing down of $31 million of short-term dollar balances held in the United States.

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Although South Africa is traditionally a net importing country and its adverse trade balance is normally offset by gold sales and the inflow of capital, the continued highly abnormal level of imports caused merchandise trade deficits to increase over the record 1947 level. The $722 million deficit on current account with non-sterling area countries was principally a dollar deficit. Trade deficits with the United States and Canada during 1948 were $356 million and $79 million respectively. In an effort to conserve fast diminishing hard-currency reserves, South African authorities finally introduced exchange restrictions in November 1948 severely curbing imports and discriminating in favor of the sterling area as against other sources of supply. South Africa during the year experienced a "dollar leak" from exportable products that are purchased by foreign buyers with sterling and then reshipped to the United States for dollars.

Official non-dollar foreign exchange declined to the extent of $76 million during 1948. This decline was due to South Africa's sterling deficit estimated at the equivalent of $325 million, the greater portion of which was covered by a large net inflow of sterling capital during the first five months of 1948. However, the inflow of sterling capital virtually ceased after May, 1948. If the 1948 rate of imports against sterling is to be maintained, South Africa may resort to selling gold against sterling or require accelerated sterling repayments against the United Kingdom gold loan.

Egypt

Egyptian gold and short-term dollar balances reflected very little change during 1948. Gold resources remained constant at $53 million, official short-term dollar balances increased $5 million, and private short-term dollar balances declined $2 million.

Hard currency shortages continued to be Egypt's chronic difficulty in 1948, as the result of large current account hard-currency imbalances. Among the factors illustrating this difficulty were dollar purchases of oil totaling $20 million in 1948, trans-shipments to third countries of cotton reportedly purchased from Egypt with sterling and sold for dollars at a considerable discount, and the continuance of the United States import quota on cotton. In an effort to conserve dollar resources, bilateral trade agreements were concluded during the year with the U.S.S.R., Switzerland, Germany, France, and Japan. Further dollar deficit pressure was alleviated by some Egyptian success in selling cotton for dollars but at reduced market prices and by slight increases in the United States import quota of Egyptian long-staple cotton. It is reported that $30 million of Egyptian Government cotton accumulations were sold at reduced market prices for hard currencies. Although Egyptian total trade reached new record levels in 1948, its merchandise trade deficit amounted to $124 million, of which $52 million is estimated to have been a hard currency deficit. These deficits were covered to some extent by dollar receipts derived from the Anglo-Egyptian financial accord of January, 1948 that provided for a $25 million release of

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sterling freely convertible to dollars, as well as a $4 million supplementary convertible sterling transfer to meet payments in Belgium, and $4 million of Export-Import Bank and O.F.L.C. credits. The remainder may be accounted for in part by settlements by indirect sterling manipulations, unsettled import accounts, as well as dollar area imports payable in sterling but listed as hard currency imports.

Official non-dollar foreign exchange holdings totaled almost $1,000 million as of November 30, 1948, an estimated decline of $10 million from the end of 1947. These holdings are virtually all sterling and do not include $339 million of long-term foreign investments. Although this balance declined only $10 million, further losses were prevented by net "invisible" sterling receipts from Suez Canal dues, Allied Army expenditures in Egypt, and interest on sterling holdings. A large part of the Egyptian official non-dollar foreign exchange holdings are not freely spendable. On December 31, 1948, only the equivalent of $302 million was in the No. 1 London account and represented the approximate amount of non-dollar foreign exchange freely available to Egypt on that date.

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Asia

Change in Asiatic Total Gold and Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1947 - December 31, 1948

(In Millions of Dollars)

Country	Total Gold & Short-Term U.S. Dollar Holdings			Official Non-Dollar Foreign Exchange Holdings		
	Dec. 31 1947	Dec. 31 1948	Change	Dec. 31 1947	Dec. 31 1948	Change
Total Asia.....	1,991	2,124	+133	5,196	4,489	-707
China & Manchuria.....	327	337	+ 10	40	24	- 16
India & Pakistan 1/....	334	332	- 2	4,546	3,867	-679
Netherlands E. Indies..	249	218	- 31	2	2	—
Philippine Islands.....	489	489	—	N.A.	2/	N.A.
Other.....	592	748	+156	608	596	- 12

1/ India and Pakistan are treated separately in the text that follows and in Table II, but they are totaled here for purposes of comparison with 1947 because actual division of assets did not take place until July 1, 1948.

2/ Less than $500,000.

Asiatic total gold and short-term dollar holdings (excluding Turkey which is treated with ERP countries) showed an increase of $133 million for the year ending December 31, 1948 as compared to a $285 million loss in 1947. This increase is partially attributable to some improvement in the trade position of the Asiatic countries as a whole and to a sizable amount of United States aid during the course of the year. The increase of $133 million consisted of a $19 million gain in total gold holdings, a $90 million increase in officially-held short-term dollars, and a $24 million increase in privately-held short-term dollars. Among the countries that registered large gains in short-term dollar balances during 1948 were Japan ($51 million), Siam ($46 million) and Korea ($25 million).

These gold and dollar balances increased in 1948 although Asia sustained a trade deficit with the United States and Canada of $710 million and $41 million respectively. Balance of payments deficits were cushioned to a large extent by United States Government grants and credits of over $900 million, utilized by Asia during the year principally

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in Japan, China, the Philippines and Korea. Other dollars were secured from ECA offshore procurement in Asiatic countries totaling about $106 million with more than half from Saudi Arabia, purchases of dollars from the IMF in the amount of $68 million, and $6 million from gold sales to the United States. Asia thus had over $1,080 million available with which to offset dollar deficits and to acquire some gains.

Asiatic official non-dollar foreign exchange holdings declined by $707 million during 1948 to a level of $4,489 million as of December 31. This loss was registered in spite of the establishment of an independent Pakistan and India, whereby newly-created foreign exchange came into existence as the result of Pakistan's holdings of Indian rupees and India's holdings of Pakistan rupees. Certain Asiatic countries sustained even greater losses of official non-dollar foreign exchange than is reflected in the overall $707 million figure for the year. The greatest individual loss was experienced by India since July 1948.

India

Relatively minor losses in gold ($8 million) and short-term dollar balances ($21 million) were sustained by India during 1948. The decline in gold is largely accounted for by the periodic transfers of gold to the State Bank of Pakistan under the terms of the partition. Its loss of short-term dollar balances was used to meet in part the dollar and other hard-currency deficits on current account of roughly $200 million. This deficit was principally met by drawings on the United Kingdom central reserves including the $68 million drawn from the International Monetary Fund.

Since July 1948, India experienced a $1,121 million decline in official non-dollar foreign exchange (principally sterling securities and sterling, but not including the loss due to the initial division of assets with Pakistan). India's losses of non-dollar foreign exchange were principally due to payments to the United Kingdom of about $890 million in sterling under the financial agreement of July, 1948. The 1948 current account deficit of about $175 million with non-dollar countries also contributed to India's non-dollar foreign exchange decline as did its net drawings on the dollar pool. In an effort to relieve the pressures on its foreign exchange resources, India entered into bilateral trading arrangements with several countries.

Pakistan

Since the initial division of assets with India in July 1948, Pakistan's total gold holdings and short-term dollar balances in the United States increased by $10 million, totaling $24 million as of December 31, 1948. This gain consisted of a $4 million increase in gold, and $6 million in official short-term dollar balances. It has been estimated that for 1948 Pakistan had an overall surplus balance of trade of about $90 million, of which $10 million represented the surplus with the United States.

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Pakistan's holdings of official non-dollar foreign exchange since partition increased by $252 million, totaling $786 million as of December 31, 1948. This increase primarily represents gains of Indian rupees and sterling acquired under the terms of partition, although it is estimated that Pakistan achieved a $100 million favorable balance of trade during 1948 with India as the result of considerable exports of jute. However, as in the case of India and Ceylon, Pakistan has signed an agreement with the United Kingdom to limit its spending of sterling to that accruing to the No. 1 account through current earnings and agreed releases from the No. 2 account.

China

China's total gold and dollar balances in the United States increased $10 million for the year, amounting to $337 million as of December 31, 1948. This gain consisted of a $24 million increase in total gold resources, an increase of $15 million in officially-held dollar balances in the United States, partially offset by a decline of $29 million in privately-held dollar balances. The increases in official gold and dollar balances can be attributed in part to collections of gold and foreign exchange that were surrendered by the populace upon the promulgation of the currency conversion program in August. Reported collections of gold and foreign exchange under the conversion program were about $124 million of which about $100 million consisted of gold and U.S. dollars; however, an undetermined sum of gold has been resold to the public during periodic efforts to stem the rising rate of hyper-inflation. China received $225 million of United States grants and credits during the year including $96 million aid rendered under the ECA-China Program, and some $85 million of military aid.

Holdings of official non-dollar foreign exchange decreased by $16 million, totaling $24 million as of December 31, 1948. This decline is in addition to the loss of an additional $20 million of non-dollar foreign exchange reportedly collected during the conversion program. Preliminary foreign-trade data for 1948 show that total exports from China were in excess of $244 million and imports $215 million. These totals, however, do not include Government imports totaling some $100 million and commodities shipped to Russia in repayment of wartime Russian credits to China, nor does it include barter export. Extensive smuggling trade is carried on between China, Hong Kong and Macao and is variously estimated at 20-30 per cent of the total trade through official channels.

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Oceania

Change in Oceania Total Gold and Short-Term U.S. Dollar Holdings and Official Non-Dollar Foreign Exchange Holdings December 31, 1947-December 31, 1948

(In Millions of Dollars)

Country	Total Gold & Short-Term U.S. Dollar Holdings			Official Non-Dollar Foreign Exchange Holdings		
	Dec.31 1947	Dec.31 1948	Change	Dec.31 1947	Dec.31 1948	Change
Total Oceania.....	148	136	-12	686	1,219	+533
Australia.....	118	108	-10	483	1,046	+563
French Oceania....	1	1/	-1	N.A.	1/	N.A.
New Zealand.....	29	28	-1	203	173	-30

1/ Less than $500,000

Australia

Australia's gold and short-term dollar holdings as of December 31, 1948 were $108 million or $10 million less than holdings as of December 31, 1947. The change over the year was composed of an estimated net decline of $2 million in gold holdings, in addition to losses of $5 million and $3 million in official and private short-term dollar balances respectively. However, official non-dollar foreign exchange reserves increased considerably by the dollar equivalent of $563 million for 1948, a complete reversal of the trend in 1947 when Australia sustained a loss of $149 million in non-dollar foreign exchange.

Australia's overall merchandise trade surplus in 1948 was about $420 million as the result of high level wool and wheat exports as well as a strict import licensing policy. A $16 million trade surplus was achieved with the United States, compared to a deficit of $110 million in 1947. The overall dollar deficit which Australia experienced, chiefly on account of invisibles, was met by the liquidation of $10 million in gold and dollar balances, the sale to the United Kingdom of Australia's entire yearly production of newly-mined gold amounting to about $33 million, and by drawings on the sterling area dollar pool.

Government efforts to conserve dollars resulted in measures being taken to stop a "dollar leak" caused by European purchases of wool with sterling bought at a discount for ultimate sale to United States importers at reduced prices. As a control measure, the Government announced that export licenses would be issued only on guarantee of the exporters that there would be no re-exportation to the United States.

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Australia's official non-dollar foreign exchange rose from $483 million on December 31, 1947 to $1,046 million as of December 31, 1948, a gain of $563 million. This appreciable increase was due primarily to a large export surplus against sterling and may be attributed in part to British investments.

New Zealand

New Zealand's gold and total short-term dollar holdings as of December 31,1948 were $28 million, representing a net loss of only $1 million during 1948. Gold holdings remained constant at $23 million, and short-term dollar balances declined by $1 million to a level of $5 million on December 31, 1948. Its deficit on current account with the United States was $33 million and about $11 million with Canada. Recourse to the sterling area dollar pool thus appears to have been only about one-half as great during 1948 as in 1947 when New Zealand experienced a dollar deficit on current account with the United States and Canada of $91 million. This progress was the result of a continued policy of strict foreign exchange control during the year, the limitationof imports from the United States to essentials unobtainable from sterling area countries, as well as a shift during 1948 in total trade from non-sterling to sterling countries.

The non-dollar official exchange holdings of New Zealand decreased from $203 million on December 31, 1947, to $173 million as of December 31, 1948, a loss of $30 million. This decline was the result of the usually heavy seasonal imports at the end of the year, as well as some recourse to the sterling area dollar pool for payment of dollar deficits thereby lowering New Zealand's sterling exchange balance.

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Latin America

Change in Latin American Total Gold and Short-Term U. S. Dollar Holdings and Official Non-Dollar Foreign Exchange Holdings December 31, 1947-December 31, 1948

(In Millions of Dollars)

Country	Total Gold and Short-Term U.S. Dollar Holdings			Official Non-Dollar Foreign Exchange Holdings		
	Dec.31 1947	Dec.31 1948	Change	Dec.31 1947	Dec.31 1948	Change
Total Latin America.....	2,916	2,792	-124	1,126	995	-131
Argentina...	555	357	-198	625	529	- 96
Brazil.....	458	441	- 17	376	361	- 15
Cuba.....	514	508	- 6	N.A.	N.A.	N.A.
Mexico.....	239	189	- 50	4	6	+ 2
Uruguay.....	208	202	- 6	76	72	- 4
Venezuela...	292	444	+152	—1/	4	+ 4
Other.....	650	651	+ 1	45	23	- 22

1/ Less than $500,000.

Latin American countries substantially reduced the drain on their gold and dollar balances during 1948. Holdings of gold and short-term U. S. dollar balances, official and private, amounted to $2,792 million, a decline of $124 million from holdings at the end of the preceding year. This decline, although still constituting a drain on Latin America's reduced foreign exchange resources, compared favorably with the far greater loss of $764 million which took place during the previous year. During 1948, the decrease of $195 million in gold reserves was partially offset by gains of $55 million and $16 million in official and private short-term U. S. dollar holdings. Official holdings of non-dollar foreign exchange resources were reduced by $131 million over the course of the year, to a total of $995 million by the end of 1948.

The lower rate of decline of foreign exchange reserves in 1948 as compared with 1947 may be attributed chiefly to the area's sharply reduced merchandise trade deficit with the United States.

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Latin America's deficit in 1948 was $832 million, or less than one-half that incurred during 1947. Almost all governments made determined efforts to halt the loss of gold and dollar resources by strengthening exchange and trade controls and by entering into bilateral trading agreements. Nevertheless, the foreign exchange holdings of some Latin American countries at the end of 1948 were at extremely low levels. Since the terms of trade for Latin America have on the whole been favorable, i.e., export prices have risen more than import prices, a fall in world agricultural prices would seriously endanger already reduced resources.

The Latin American deficit on trade with the United States of $832 million was financed chiefly by net dollar receipts from transactions with other areas, estimated at about $665 million, including $143 million of purchases financed by ECA. Other means of financing this trade deficit as well as the deficit on other accounts included Export-Import Bank disbursements of $59 million and dollar drawings on the International Monetary Fund of $1.8 million. Additional receipts were obtained from long-term United States capital investments. As a result, gold and short-term U. S. dollar holdings were drawn down only to the extent of $119 million.

Argentina

The most serious depletion of reserves in Latin America occurred in Argentina, which suffered a net loss of $198 million in gold and short-term U. S. dollar holdings during 1948, with a balance of only $357 million on December 31. This loss was composed of $178 million and $35 million in gold and privately-held dollars, respectively, with only a small gain of $15 million in officially-held dollar balances. The net decline in these reserves corresponded closely to Argentina's merchandise trade deficit with the United States of $199 million. Contrasted with the 1947 trade imbalance of $526 million, this lower deficit reflects the strong attempts on the part of the government to balance its trade with the United States, principally by curtailing imports from the United States. These measures included more stringent foreign exchange regulations and restrictions on transfers of funds, as well as diversion of trade to other nations. Nevertheless, Argentina continued to be in a difficult foreign exchange position at the end of 1948, with an increasing amount of dollar commercial commitments outstanding and greatly reduced resources. In addition, Argentina's earlier expectations with respect to ECA offshore procurement had been dimmed by the negligible amount authorized for purchase there during 1948.

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Argentina's holdings of official non-dollar foreign exchange declined to $529 million by the end of 1948, representing a net loss of $96 million for the year. Among other factors, the payment of about $600 million in pounds sterling made during the year for former British-owned railways, offset in part by an advance payment of about $440 million on food shipments, caused the decline of Argentine holdings of sterling to a low level by the end of the year. Nevertheless, the net loss of only $96 million in foreign exchange other than dollars indicates that the vigorous promotion of bilateral trading and compensation agreements with other Latin American and European countries enabled Argentina to maintain sizable active trade balances with non-dollar nations.

Mexico

Mexico's situation with respect to gold and dollar reserves grew steadily worse in 1948. Holdings dropped from $239 million on December 31, 1947, to $189 million on December 31, 1948, representing a net loss of $58 million in gold offset only in part by gains of $5 and $3 million in official and private dollar balances respectively. Contributing heavily to this loss was Mexico's inability to balance its merchandise trade with the United States to the extent of a deficit of about $242 million (including silver transactions). This substantial deficit was met in part by net tourist dollar receipts of $91 million, the $50 million expenditure of gold and dollars, Export-Import Bank loans totaling $19 million, drawings of $17 million under the United States Stabilization Agreement, and receipts from ECA offshore procurement of about $13 million. Receipts of dollars from trade with other areas, such as Canada, additional United States capital investments, and private and institutional donations and remittances accounted for the major part of the remainder. Holdings of foreign exchange other than dollars remained insignificant.

The inability of the Mexican Government to halt the loss of reserves, together with other factors, led in July to the withdrawal of the Bank of Mexico's support of the peso and its decline from the "pegged" level of 4.85 to the United States dollar to a rate fluctuating around 6.88 by the end of the year. This measure failed to reverse Mexico's adverse trade balance and decline of foreign exchange holdings and left Mexico in a serious foreign financial situation by the end of the year.

Brazil

Brazil's foreign exchange position was relatively stable during the year 1948. In spite of a payment of $37.5 million in gold of its subscription to the International Monetary Fund

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and repayment of $20 million of its $80 million Federal Reserve Bank loan, Brazil's holdings of gold and short-term U. S. dollar balances declined by only $17 million to a level of $441 million by the end of 1948. An important factor in this connection was Brazil's surplus on trade with the United States of $16 million as compared with the $198 million deficit incurred during 1947. In addition, loans from the Export-Import Bank in the amount of $10 million were disbursed and receipts from ECA of $8 million were reported. Outstanding dollar commercial obligations, however, remained at a high level. Official holdings of non-dollar foreign exchange dropped by $15 million to reach a total of $361 million by December 31, 1948. Payments in pounds sterling made during the year for the purchase of British investments in Brazil contributed to the decline of Brazil's non-dollar holdings, but payments and clearing agreements with various European and Latin American nations may have prevented more substantial depletion of resources.

Cuba

Cuba, which in 1947 gained $135 million in gold and U. S. dollar holdings, suffered a reversal of this trend during 1948, losing $16 million in official and private dollar balances, offset in part by an increase of $10 million in gold holdings. From a surplus on trade with the United States of $18 million in 1947, Cuba incurred a deficit of $67 million in 1948, caused chiefly by a sharp decline in receipts from sugar exports. Much of this deficit, however, was offset by receipts from dollar trade elsewhere, including about $32 million from ECA offshore purchases. A drop in Cuban exports to the United Kingdom during 1948 resulted from attempts on the part of the United Kingdom to reduce heavy dollar purchases of Cuban sugar by securing greater supplies from sterling sources, including its colonies.

Uruguay

Uruguay experienced a net decline of only $6 million in gold and U. S. short-term dollar holdings, losing $11 million in gold while acquiring $5 million in private dollar balances. The highly restrictive import policy of the government, together with the increased value of exports and abundant harvests, reduced Uruguay's trade deficit with the United States from $37 million in 1947 to $4 million in 1948. ECA procurement during the year was reported at about $4 million. Nevertheless, even the small decline in hard-currency reserves was considered serious, since readily available gold, other than that required as currency backing and central bank reserves, dropped sharply during the year. The drain of dollars by purchasers from other Latin American countries, chiefly Argentina, Brazil, and Chile,

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had repercussions on the free exchange market, where government operations had maintained fixed rates, causing some depreciation during the year. The completion or initiation of several commercial agreements aided in conserving foreign exchange, but non-dollar official holdings declined nevertheless by $4 million. Of the $72 million in foreign exchange other than dollars, $67 million represented sterling balances, largely inconvertible and available only for purchases from the sterling area.

Venezuela

Venezuela increased its gold holdings by $108 million during 1948 to reach an unprecedented peak of $322 million by December 31. During the same period, short-term U. S. dollar balances increased by $44 million to a total of $122 million. Record petroleum production, resulting in a high level of exports for dollars to the United States and elsewhere, and substantial capital investments in the country enabled Venezuela to increase its hard-currency reserves while maintaining a continued flow of imports and incurring a large trade deficit with the United States. ECA offshore procurements of $19 million in Venezuela were reported during the year. Net accruals of non-dollar foreign exchange amounted to $4 million by the end of 1948.

Other Latin America

The remaining Latin American countries in total gained $1 million in gold and short-term U. S. dollar holdings and lost $22 million in non-dollar official foreign exchange. The net change in gold and dollars for the most part was made up of insignificant losses and gains, with the exception of Colombia's loss of $24 million and gains of $11 million each by the Netherlands West Indies and Peru, and of $8 million by Chile. Colombia's financial position by the end of 1948 was serious enough to warrant devaluation of the peso from 1.75 per United States dollar to 1.95, with the approval of the International Monetary Fund.

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Area
TOTAL, ALL AREAS 1/.....
TOTAL, EUROPE.....
ERP Countries.....
ERP Recipients.....
Other ERP Participants 2/..
Other Europe.....
Tripartite Commission.....
NORTH AMERICA.....
AFRICA.....
ASIA.....
OCEANIA.....
LATIN AMERICA.....
UNIDENTIFIED & UNDISTRIBUTED..

Note: For detailed December 31,
Detailed December 31, 1948

1/ Excludes holdings of i
2/ Switzerland and Portug
3/ Portugal only; data fo
4/ Less than $500,000.

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Table I

Estimated Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas as of December 31, 1947 and 1948
(In Millions of Dollars)

I		II		III		IV		V		VI	
Official Gold Holdings		Short-term Dollar Balances in U.S.				Total Gold and Dollars (I + II + III)		Official Non-Dollar Foreign Exchange		Total Gold and Dollars and Other Official Foreign Exchange (IV + V)	
		Official		Private							
1947	1948	1947	1948	1947	1948	1947	1948	1947	1948	1947	1948
12,864	11,824	1,818	2,797	3,024	3,017	17,706	17,638	10,258	9,758	27,964	27,396
8,937	8,533	515	976	1,486	1,475	10,938	10,984	1,675	1,596	12,613	12,580
5,550	5,079	345	852	1,428	1,437	7,323	7,368	1,609	1,466	8,932	8,834
(3,880)	(3,454)	(278)	(764)	(1,013)	(988)	(5,171)	(5,206)	(1,318)	(1,176)	(6,489)	(6,382)
(1,670)	(1,625)	(67)	(88)	(415)	(449)	(2,152)	(2,162)	(291) 3/	(290) 3/	(2,443)	(2,452)
3,210	3,340	170	124	58	38	3,438	3,502	66	130	3,504	3,632
177	114	--	4/	--	--	177	114	--	--	177	114
294	410	144	536	267	241	705	1,187	N.A.	N.A.	705	1,187
852	278	80	67	55	54	987	399	1,575	1,459	2,562	1,858
970	989	684	774	337	361	1,991	2,124	5,196	4,489	7,187	6,613
111	109	15	8	22	19	148	136	686	1,219	834	1,355
1,700	1,505	380	435	836	852	2,916	2,792	1,126	995	4,042	3,787
--	--	--	1	21	15	21	16	--	--	21	16

1947 data, see tables in N.A.C. Staff Document No. 225 and adjustments to those tables on pp. 33-35 of the present report.
data and footnotes are in Table II of this report.

nternational organizations. These holdings are shown in Table III.
al.
r Switzerland not available.

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Table II

Estimated Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas and by Countries as of December 31, 1948*
(In Millions of Dollars)

Country	I	II	III	IV	V	VI	VII
	Gold Holdings		Short-term (official) Dollar Balances in U.S.	Official Non-Dollar Foreign Exchange	Total Gold and Official Foreign Exchange	Private Short-term Dollar Balances in U.S.	Total Gold and Dollars (II + III + VI)
	In U.S.	Total					
GRAND TOTAL	2,958	11,824	2,797	9,758	24,379	3,017	17,638
TOTAL, EUROPE	2,000	8,533	976	1,596	11,105	1,475	10,984
Albania	--	1	1/ 2/	N.A.	1	1/ 2/	1
Austria	14	49	6 2/	6	61	6 2/	61
Belgium and Luxembourg	296	627	23	400	1,050	122	772
Bulgaria	--	25	1 2/	80	106	1/ 2/	26
Czechoslovakia	11	17	17 2/	50	84	12 2/	46
Denmark	1	32	21	31	84	24	77
Estonia	--	(5/40) 13	2 2/	N.A.	15	1 2/	16
Finland	6	6	15	3	24	4	25
France	118 3/	551	61	35	647	132	744
Germany	--	--	129	154 4/	283	50	179
Greece	2	6	10	70	86	11	27
Hungary	--	35	1/ 2/	13	48	1 2/	36
Iceland	--	1	1/ 2/	7	8	1 2/	2
Ireland	2	11	2 2/	9	22	10 2/	23
Italy 5/	30	96	208	128	432	118	422
Latvia	3	(7/40) 14	5 2/	N.A.	19	1 2/	20
Lithuania	3	(8/40) 11	1/ 2/	N.A.	11	1/ 2/	11
Netherlands	134 6/	196	17	156	369	106	319

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Country	I Gold Holdings In U.S.	II Gold Holdings Total	III Short-term (official) Dollar Balances in U.S.	IV Official Non-Dollar Foreign Exchange	V Total Gold and Official Foreign Exchange	VI Private Short-term Dollar Balances in U.S.	VII Total Gold and Dollars (II + III + VI)
EUROPE (Cont'd.)							
Norway	20	52	32	34	118	46	130
Poland	27 7/	60	7 2/	1	68	4 2/	71
Portugal	119	238	11	290	539	27	276
Rumania	13	216	4	2	222	3	223
Spain	--	111	5	N.A.	116	9	125
Sweden	27	81	19	123 8/	223	30	130
Switzerland 9/	591	1,387	77	N.A.	1,464	422	1,886
Trieste	--	--	-- 2/	N.A.	--	4 2/	4
Turkey	67	162	7	23	192	11	180
United Kingdom	466	1,590	232	N.A.	1,822	314	2,136
U.S.S.R.	--	2,775	20	N.A.	2,795	1	2,796
Vatican City	31	31	8	N.A.	39	--	39
Yugoslavia	8 10/	25	18	N.A.	43	2	45
Other	--	--	1/ 2/	N.A.	1/	1 2/	1
Unidentified	--	--	19	-19	--	2	21
Tripartite Commission	11	114	1/	N.A.	114	--	114
TOTAL, NORTH AMERICA	--	410	536	N.A.	946	241	1,187
Canada	--	410	536	N.A.	946	239	1,185
Greenland	--	--	-- 2/	N.A.	--	-- 2/	--
Newfoundland	--	--	-- 2/	N.A.	--	2 2/	2

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Country	I Gold Holdings In U.S.	II Gold Holdings Total	III Short-term (official) Dollar Balances in U.S.	IV Official Non-Dollar Foreign Exchange	V Total Gold and Official Foreign Exchange	VI Private Short-term Dollar Balances in U.S.	VII Total Gold and Dollars (II + III + VI)
TOTAL, AFRICA.....	34	278	67	1,459	1,804	54	399
Algeria.....	--	14	1/ 2/	N.A.	14	1 2/	15
Belgian Congo.....	9	20	22 2/	13	55	7 2/	49
Egypt and Anglo-Egyptian Sudan.....	--	53	18	(11/48) 999 11/	1,070	10	81
Ethiopia.....	--	2	1 2/	13 12/	16	1 2/	4
French Morocco.....	--	6	5 13/	N.A.	11	7	18
French West Africa.....	--	N.A.	2 2/	N.A.	2	1 2/	3
Tangier.....	--	N.A.	4 2/ 13/	N.A.	4	13 2/	17
Union of South Africa..	25	183	12	132	327	4	199
Other French Africa....	--	N.A.	2 2/	N.A.	2	1 2/	3
Other Africa.....	--	N.A.	1 2/	302 14/	303	9 2/	10
TOTAL, ASIA.....	159	989	774	4,489	6,252	361	2,124
Afghanistan.....	33	37	3 2/	11	51	1 2/	41
British Malaya.....	--	N.A.	1/	(12/47) 118 15/	118	13	13
Burma.....	--	N.A.	1/ 2/	30	30	1 2/	1
Ceylon.....	--	N.A.	1/ 2/	46	46	1 2/	1
China and Manchuria....	12	121	152	24	297	64	337
French Indo-China.....	--	N.A.	3	N.A.	3	5	8
Hong Kong.....	--	N.A.	1/	N.A.	N.A.	51	51
India.....	--	256	26	3,081	3,363	26	308
Iran.....	--	140	16 2/	124	280	7 2/	163

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Country	I	II	III	IV	V	VI	VII
	Gold Holdings		Short-term (official) Dollar Balances in U.S.	Official Non-Dollar Foreign Exchange	Total Gold and Official Foreign Exchange	Private Short-term Dollar Balances in U.S.	Total Gold and Dollars (II + III + VI)
	In U.S.	Total					
ASIA (Cont'd.)							
Iraq	—	N.A.	— 2/	4	4	3 2/	3
Israel	—	N.A.	12 2/	100 16/	112	4 2/	16
Japan	—	206 17/	2	N.A.	208	80	288
Korea (South)	—	1/	25 2/	2	27	1/ 2/	25
Lebanon	—	2	1 2/	(3/48) 90 18/	93	9 2/	12
Netherlands East Indies	114	177	9	2	188	32	218
Pakistan	—	14	6 2/	786	806	4 2/	24
Palestine (Arabian)	—	N.A.	1/ 2/	N.A.	N.A.	2 2/	2
Philippine Republic	—	1	444	1/	445	44	489
Saudi Arabia	—	N.A.	13 2/	N.A.	13	4 2/	17
Siam	—	(12/47) 34	55 2/	(12/47) 31	120	5 2/	94
Syria	—	1	1 2/	(3/48) 46 18/	48	2	4
Unidentified & Other	—	—	6	- 6	—	3	9
TOTAL, OCEANIA	—	109	8	1,219	1,336	19	136
Australia	—	86	8	1,046	1,140	14	108
French Oceania	—	N.A.	1/ 2/	1/	N.A.	1/ 2/	1/
New Zealand	—	23	1/	173	196	5	28

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Country	I Gold Holdings In U.S.	II Gold Holdings Total	III Short-term (official) Dollar Balances in U.S.	IV Official Non-Dollar Foreign Exchange	V Total Gold and Official Foreign Exchange	VI Private Short-term Dollar Balances in U.S.	VII Total Gold and Dollars (II + III + VI)
TOTAL, LATIN AMERICA.....	765	1,505	435	995	2,935	852	2,792
Argentina.....	12	141	120	529	790	96	357
Bolivia.....	12 19/	23	4	5	32	13	40
Brazil.....	260 20/	317	79	361	757	45	441
Chile.....	20	43	16	N.A.	59	40	99
Colombia.....	11	51	31	N.A.	82	23	105
Costa Rica.....	2	2	4	N.A.	6	5	11
Cuba.....	288	289	2 21/	N.A.	291	217	508
Dominican Republic.....	4	4	14 2/	N.A.	18	22 2/	40
Ecuador.....	14	21	5 2/	2	28	5 2/	31
El Salvador.....	9	15	13 2/	2	30	6 2/	34
French West Indies and Guiana.....	—	N.A.	1	N.A.	1	1/	1
Guatemala.....	23	27	15 2/	3	45	13 2/	55
Haiti.....	3	3	1 2/	4	8	5 2/	9
Honduras.....	—	1/	1 2/	1	2	3 2/	4
Mexico.....	25	42	27	6	75	120	189
Netherlands West Indies and Surinam.....	13	18	15	N.A.	33	9	42
Nicaragua.....	3 22/	3	1 2/	N.A.	4	4 2/	8
Panama.....	—	1/	1	—	1	71	72
Paraguay.....	1/	1/	2 2/	4	6	1 2/	3
Peru.....	1	20	19	5	44	34	73
Uruguay.....	34	164	2 2/	72	238	36 2/	202

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Country	I	II	III	IV	V	VI	VII
	Gold Holdings		Short-term (official) Dollar Balances in U.S.	Official Non-Dollar Foreign Exchange	Total Gold and Official Foreign Exchange	Private Short-term Dollar Balances in U.S.	Total Gold and Dollars (II + III + VI)
	In U.S.	Total					
LATIN AMERICA (Cont'd.)							
Venezuela.....	31	322	59	4	385	63	444
British Possessions....	--	N.A.	1/ 2/	N.A.	1/	5 2/	5
Unidentified.....	--	--	3	- 3	--	16	19

NOTE:

Gold: Data represent total holdings of governments and central banks without regard to location of holdings.

Short-term dollar balances: Composed principally of deposits in United States banks and holdings of U.S. Government Treasury bills and certificates as reported by banks and bankers in the United States.

Official: Short-term balances reported by banks in the United States held for the account of foreign governments, central banks, and other official institutions.

Private: Short-term balances reported by banks in the United States held for the account of institutions and persons, other than official, domiciled in foreign countries.

Official non-dollar foreign exchange: Short-term non-dollar foreign exchange assets held by governments, central banks, and other official institutions. In certain cases where short-term non-dollar official foreign exchange could not be segregated from long-term assets serving as note cover, but the amounts of such short-term assets are considered to be an important part of the total, a total figure including long-term assets is shown.

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FOOTNOTES:

* Official figures as of December 31, 1948 were used for gold, dollar and other foreign exchange holdings wherever available. For those countries which do not publish figures on their gold and foreign exchange holdings, estimates or earlier published data, if available, were used.

1/ Less than $500,000.

2/ Represents deposits reported by banks and bankers in the Second Federal Reserve District only and short-term investments reported by the Federal Reserve Bank of New York.

3/ Includes $104.4 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

4/ Bizone only.

5/ Vatican City holdings excluded.

6/ Includes $10.5 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

7/ Includes $14.7 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

8/ Includes holdings of National Debt Office.

9/ Excludes the holdings of the Bank for International Settlements.

10/ Includes $6.3 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

11/ Principally short-term sterling balances in London No. 1 and No. 2 accounts.

12/ Principally foreign securities held as currency reserve.

13/ $5 million reported under Tangier is included under French Morocco as it is believed to belong to the Bank d'Etat du Maroc, which is considered to be a French Moroccan institution.

14/ Includes $207 million currency reserve fund (sterling) of British West Africa and $95 million currency reserve fund (sterling) of British East Africa.

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FOOTNOTES (Cont'd.):

15/ Represents Malaya Currency Fund, Liquid Portion, which includes short-term investments.

16/ Principally sterling note cover holdings of the Palestine Currency Board.

17/ Includes approximately $82 million of gold claimed by the following countries to be held on earmark by the Japanese Government: Siam, $43.7; Indo-China, $37.2; China, $0.7; and Italy, $0.2.

18/ Principally French franc note cover for currency.

19/ Includes $5.3 million held as collateral for loans made by U.S. banks.

20/ Includes $61.2 million held as collateral for loans on gold granted by Federal Reserve Banks.

21/ Excludes $27.7 million in U.S. dollar currency held in Cuba, $25.0 million of which is on deposit in Cuban Treasury vaults as coverage for silver certificates.

22/ Includes $2.8 million held as collateral for loans made by U.S. banks.

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Table III

Gold and Foreign Exchange Holdings of International Institutions
December 31, 1948
(In Millions of Dollars)

	Gold	Short-Term Dollar Balances	Other Exchange	Total
TOTAL, INTERNATIONAL INSTITUTIONS. 1/	1,472	1,904	5,029	8,405
Bank for International Settlements	36	40	N.A.	76
International Bank	—	434 2/	1,008	1,442
International Monetary Fund	1,436	1,391	4,021	6,848
Other	—	39	N.A.	39

1/ December 31, 1947 holdings were: Gold, $1,390 million; Short-term dollar balances, $2,274 million; Other exchange, $4,743 million; Total, $8,407 million.

2/ Excludes $74.5 million in U.S. Government securities with original maturity of more than 1 year.

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Adjustments to Tables in N.A.C. Staff Document No. 225 (December 31, 1947)
which make them comparable to Tables I and II of this Document
(In Millions of Dollars)

Country	Correction to Total Gold as of 12/31/47	Correction to Official Short-Term Dollar Balances as of 12/31/47	Correction to Official Non-Dollar Foreign Exchange as of 12/31/47	Explanation
TOTAL, EUROPE	- 31	0	- 94	
Germany	-182	+ 1	+100	Gold withheld by Tripartite Commission. Revision of official dollar holdings. Non-dollar foreign exchange estimated.
Greece	- 1	--	--	Revised estimate.
Iceland	--	--	- 6	Believed to have been long-term holdings.
Ireland	--	--	-162	Principally long-term holdings.
Italy	--	--	+ 9	New data.
Netherlands	+ 10	--	--	Based on new kilogram data submitted by the Netherlands.
Sweden	--	--	- 35	New data.
Turkey	--	+ 1	--	Revision.
United Kingdom	- 19	--	--	New data.
Yugoslavia	- 16	--	--	Revised estimate.
Unidentified	--	- 2	--	Revision.
Tripartite Commission	+177	--	--	Previously listed under Germany and revised.
TOTAL, NORTH AMERICA	--	- 4	--	
Canada	--	- 4	--	Long-term holdings.

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Adjustments to Tables in N.A.C. Staff Document No. 225 (December 31, 1947) which make them comparable to Tables I and II of this Document (Continued)
(In Millions of Dollars)

Country	Correction to Total Gold as of 12/31/47	Correction to Official Short-Term Dollar Balances as of 12/31/47	Correction to Official Non-Dollar Foreign Exchange as of 12/31/47	Explanation
TOTAL, AFRICA.....	--	--	+691	
Egypt.....	--	--	+389	New data.
Ethiopia.....	--	--	+ 1	New data.
Union of South Africa..	--	--	- 1	New data.
Other Africa.....	--	--	+302	New data; currency reserve funds of British East Africa and British West Africa.
TOTAL, ASIA.....	+ 1	--	-114	
Afghanistan.....	--	--	+ 7	New data.
British Malaya.....	--	--	+118	New data; liquid portion of currency fund.
Burma.....	--	--	+ 20	New data.
Ceylon.....	--	--	- 90	Long-term portion of Currency Board holdings.
India.....	--	--	- 13	New data.
Iran.....	--	--	+ 1	New data.
Iraq.....	--	--	-157	Long-term portion of Currency Board holdings.
Lebanon.....	--	--	+ 10	New data.
Siam.....	+ 1	--	--	Revised estimate.
Syria.....	--	--	- 10	New data.
TOTAL, OCEANIA.....	--	--	+ 7	
Australia.....	--	--	+ 8	Held in General Banking Division of Commonwealth Bank in London.
New Zealand.....	--	--	- 1	New data.

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Adjustments to Tables in N.A.C. Staff Document No. 225 (December 31, 1947) which make them comparable to Tables I and II of this Document (Continued)
(In Millions of Dollars)

Country	Correction to Total Gold as of 12/31/47	Correction to Official Short-Term Dollar Balances as of 12/31/47	Correction to Official Non-Dollar Foreign Exchange as of 12/31/47	Explanation
TOTAL, LATIN AMERICA....	+ 5	0	- 45	
Cuba.....	--	--	- 52	New interpretation of Cuban Treasury statement.
Dominican Republic....	--	+ 2	--	Revision.
El Salvador.....	--	+ 10	--	Revision.
Guatemala.....	--	+ 9	--	Revision.
Mexico.....	--	--	- 14	New data.
Netherlands West Indies and Surinam...	+ 5	--	--	Revised estimate.
Unidentified.....	--	- 21	+ 21	Revision.

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National Advisory Council
Staff Document No. 384
December 27, 1949

MEMORANDUM

To: National Advisory Council Staff Committee

From: The United States Treasury Department

Subject: OFFICIAL GOLD AND FOREIGN EXCHANGE RESOURCES AND PRIVATE DOLLAR BALANCES OF FOREIGN COUNTRIES AS OF JUNE 30, 1949.

Summary

The gold and total short-term dollar holdings of foreign countries declined by an estimated $82 million during the first six months of 1949 as compared to a $102 million decline during the entire year 1948. While short-term dollar holdings of foreign countries on both official and private account were reduced by $129 million from December, 1948 through June, 1949, foreign official gold holdings increased by about $47 million. The gold increase contrasted with an estimated foreign gold production during this period of $450 million, the difference being accounted for by net gold sales to the United States of about $263 million, and sales of gold for industrial uses, a lag in sales of newly produced gold to official agencies of foreign governments, and possible private hoarding.

During the first half of 1949, as foreign countries imported more U.S. goods and services while exporting less to the United States than in the previous six months, their overall payments deficit with the United States on account of goods and services amounted to over $3,500 million, a 31 percent increase over the deficit in the last six months in 1948. The deficit resulted in a total foreign liquidation of gold and short-term dollar holdings of $392 million, as evidenced by net gold sales to the United States ($263 million) and a reduction of foreign short-term claims against banks and bankers in the United States ($129 million). The bulk of the payments deficit was financed by U.S. Government net grants and loans amounting to $3,118 million. The remainder of the dollar deficit was covered by private U.S. loans, remittances, and investments, and dollar disbursements of the International Monetary Fund and the International Bank.

Non-dollar official foreign exchange holdings decreased by $563 million during the first six months of 1949 due mainly to Asiatic net expenditures of sterling which were reflected in a large reduction of United Kingdom sterling liabilities and were, in part, a charge on the United Kingdom gold and dollar reserves. 1/

1/ It should be noted that the non-dollar official holdings total presented in the attached tables excludes data for a number of countries for which estimates are not available. Totals shown are based on such data as are available and necessary adjustments have been made to establish comparability of data for December, 1948 and June 30, 1949.

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Europe

European Gold and Official and Private Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1948 - June 30, 1949

(In millions of dollars)

Country	Gold and Short-Term U.S. Dollars			Official Non-Dollar Foreign Exchange		
	Dec. 31 1948	June 30 1949	Change	Dec. 31 1948	June 30 1949	Change
TOTAL EUROPE	10,952	10,858	-94	1,516	1,852	+336
Total E.R.P.	7,369	7,244	-125	1,447	1,810	+363
Belgium & Luxembourg	772	845	+73	400	337	-63
France	744	719	-25	35	64	+29
Germany	179	160	-19	154	298	+144
Italy	424	504	+80	128	249	+121
Netherlands	319	306	-13	156	119	-37
Portugal	274	229	-45	290	274	-16
United Kingdom	2,136	1,910	-226	n.a.	n.a.	n.a.
Other E.R.P.	2,521	2,571	+50	284	469	+185
Other Europe & Unidentified	3,583	3,614	+31	69	42	-27

The gold and short-term dollar holdings of European countries (including Turkey) declined by $94 million from the end of 1948 to June 30, 1949 as compared with a small gain in 1948. This decline involved a $125 million reserve loss of E.R.P. countries and a $31 million reserve gain by other European countries. E.R.P. country losses were held down by U.S. Government grants and loans of $2,735 million which covered the major part of the E.R.P. country group's dollar deficit. Other European countries were estimated to have gained reserves on an overall basis due principally to the inclusion of a rough estimate of $100 million for U.S.S.R. gold production during the first half of 1949. Under the intra-European payments plan which applied solely to E.R.P. countries, the equivalent of about $550 million worth of goods and services were sold under grants of non-dollar exchange of E.R.P. creditor countries. Together with extensive bilateral agreements entered into by individual E.R.P. countries, the drawing rights served an important function in stimulating non-dollar trade.

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The largest drop in E.R.P. countries' gold and official and private short-term U.S. dollar holdings was experienced by the United Kingdom in an amount estimated at $226 million, the loss of officially-held short-term dollars and gold accounting for all but $2 million of the decrease. The United Kingdom reserve loss was larger for the six months period than in the whole year 1948 and represented more than a 200 percent increase over the rate of loss during the second half of 1948. This loss covered less than 25 percent of the $963 million total sterling area dollar payments deficit for which the United Kingdom assumes financial responsibility, the greater part of the deficit being covered by receipts under E.R.P. ($669 million), drawings on the Canadian credit, and Indian drawings on the International Monetary Fund. The defrayment by the U.K. of the increased dollar deficit of the rest of the sterling area was a contributing factor in the reserve loss and was partially reflected in U.K. gold payments of almost $100 million to Belgium, Switzerland, and Bizone Germany. It may be noted that dollar financing available in 1948 under the Anglo-American loan and the Union of South Africa gold loan was not available in 1949, these loans having been completely drawn down in 1948. The net outpayments by the United Kingdom from the sterling area dollar pool, together with the U.K. sterling export surplus resulted in the reduction of United Kingdom sterling liabilities by the equivalent of approximately $500 million in spite of the repayment in sterling of the equivalent of $200 million on the Union of South Africa gold loan.

France's gold and total short-term dollar holdings declined by $25 million as a $25 million dollar installment on the $100 million Federal Reserve Bank loan was repaid in gold in May. During the first six months of 1949, France sustained a dollar payments deficit in excess of the reported $368 million merchandise trade deficit with the United States, the total dollar deficit being covered by about $525 million in E.R.P. aid. The French position in non-dollar official foreign exchange improved significantly in the first half of 1949 as the result of large net use of intra-European drawing rights, increased exports, large scale repatriation of capital from overseas territories, a $32 million sterling receipt from Egypt as repayment on old loans, and accelerated sales of sterling by French exporters to official French institutions because of the high official sterling rate prevailing during this period. By the end of June, 1949, France is reported to have developed a creditor position with all European countries but the United Kingdom, Belgium, and the Trizone.

The Italian gold and official dollar reserves continued to increase, the $80 million gain during the first half of 1949 being achieved in spite of a $271 million merchandise trade deficit with the United States. The increase was made possible by about $295 million in E.R.P. aid, $19 million in Export-Import Bank loan disbursements, and earnings of dollars and gold from non-dollar countries. Official Italcambi holdings of sterling increased unprecedentedly by the equivalent of $126 million as a result of the agreement signed with the United Kingdom in late 1948 under the terms of which the pound sterling was assured a dollar cross-rate of $4.03. This valuation of the pound vis-a-vis the lira resulted in increased Italian exports against sterling and "cheap" sterling and reduced imports against official sterling holdings.

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Belgium's reserve position continued to improve. A $73 million gain in gold and dollar reserves was registered during the first half of 1949 composed of an $80 million increase in gold holdings, $66 million of which was received from the United Kingdom on account of the Belgium export surplus with the sterling area, and a loss of $7 million in short-term dollar holdings. The Netherlands' $13 million loss in gold and dollar holdings is attributable principally to an $11 million gold payment early in 1949 against a loan from the Federal Reserve Banks. The Netherlands' holdings of non-dollar official foreign exchange were also decreased by only the equivalent of $37 million. However, the gold, short-term dollar, and other official foreign exchange losses were kept down in spite of an overall merchandise trade deficit of about $365 million. This was effectuated through E.R.P. aid of approximately $180 million, substantial net use of drawing rights under the Intra-European Payments Agreement, invisible earnings, and the extensive use of bilateral trading.

Western Germany's holdings of official short-term dollar balances declined by $26 million during the first half of 1949. The dollar loss compared with Western Germany's merchandise trade deficit with the United States of about $415 million which was financed principally by E.R.P. and U.S. Army grants. Because of a large export surplus with non-dollar countries, Western Germany's non-dollar exchange holdings were almost doubled during the first six months of 1949, amounting to the equivalent of an estimated $298 million on June 30, 1949.

Danish and Norwegian gold holdings remained almost precisely at their December 31, 1948 levels, while their losses of short-term dollar balances were being held down by E.R.P. grants and loans and by drawings on an Export-Import Bank loan by Norway. Sweden's dollar balances showed a small increase which was made possible by E.R.P. grants and the cutting of imports from the United States. Sweden's gold holdings were reduced by $10 million of which $8 million represented a removal of gold from Riksbank holdings pending transfer to the Tripartite Commission for the Restitution of Monetary Gold.

Portugal's gold and total short-term dollar balances declined by about $45 million from December 31, 1948 to June 30, 1949, mainly due to a merchandise trade deficit with the United States of approximately $30 million. The remaining gold and dollar losses were ascribable to trade deficits with its other trading partners, including Belgium, Switzerland, and Canada.

The Tripartite Commission for the Restitution of Monetary Gold is estimated to have held $122 million in gold as of June 30, 1949, the $8 million in gold removed from the Swedish Riksbank holdings pending delivery to the Commission having been the only reported transaction during the first six months of 1949 and being counted here in the June 30 holdings of the Commission.

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Canada

Canada's holdings of gold and total short-term dollar balances increased from $1,185 million on December 31, 1948, to $1,208 million on June 30, 1949, a rise of $23 million during the period. The gold increase was $18 million and contrasted with gold production of about $70 million, the bulk of which is normally reflected as additions to official gold holdings. However, Canadian gold producers are reported to have hoarded their gold output in anticipation of devaluation and it is expected that this gold and subsequent 1949 gold production will be sold to the government by the end of the year or shortly thereafter. Canada increased its reserves during this period in spite of an approximatley $300 million merchandise trade deficit with the United States by maintaining a trade surplus with countries other than the United States which was partially paid for to the extent of over $200 million with E.C.A. "offshore procurement" dollars.

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Africa

African Total Gold and Official and Private Short-term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1948 - June 30, 1949

(In millions of dollars)

Country	Gold and Short-Term U.S. Dollars			Official Non-Dollar Foreign Exchange		
	Dec. 31 1948	June 30 1949	Change	Dec. 31 1948	June 30 1949	Change
TOTAL AFRICA	399	395	- 4	1,456	1,304	-152
Egypt	81	107	+ 26	996	982	- 14
South Africa	199	158	- 41	132	7	-125
Other	119	130	+ 11	328	315	- 13

African gold and total short-term dollar holdings declined by only $4 million during the first six months of 1949, a significant reduction from the $423 million and $165 million losses sustained during the first and second halves of 1948. From December 31, 1948 to June 30, 1949, African gold holdings decreased by $32 million but this decline was completely offset by the gain in official short-term dollar holdings. The gold loss was in addition to the sale during this period, of newly mined African gold and was kept to this low figure because the Union of South Africa, the principal spender of gold in the postwar period, had already drastically reduced its gold reserves to cover its payments deficits.

African official non-dollar foreign exchange holdings declined by $152 million for the first half of 1949, the principal loss being sustained by the Union of South Africa.

Egyptian total short-term dollar balances increased $26 million during the six-month period ending June 30, 1949 while gold reserves remained constant at $53 million. The gain in total short-term dollar reserves was made possible through dollar releases against sterling of over $20 million by the United Kingdom Control in accordance with the Anglo-Egyptian Agreement of March 1949, $6 million in dollars from the International Monetary Fund and Export-Import Bank, approximately $7 million in dollar collections from Suez Canal dues, and over $10 million net receipts from Government sales of cotton and other commodities for dollars from normally soft currency payment areas.

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Official non-dollar foreign exchange holdings declined only $14 million during the first half of 1949 although over $20 million in dollars were released and charged to Egypt's sterling account and $32 million in sterling was repaid by Egypt to France on old loans. The difference of $38 million indicates the general extent to which Egypt had a surplus balance in other non-dollar transactions.

Gold reserve holdings of the Union of South Africa continued their downward trend during the six-month period ending June 30, 1949, but the rate of decline abated considerably with reserves as of the end of June totaling only $34 million less than reserves as of the end of December, 1948. This change compares with gold reserve losses of $388 million and $199 million sustained during the first and second halves of 1948. Losses amounting to $7 million were also evident in the Union's official short-term dollar accounts during this six-month period in 1949. To these declines in reserve balances, the January through June purchases of newly mined gold by the South African Government, totaling $200 million, must be included as an additional loss of reserves so that the Union actually experienced a total reserve loss of an estimated $241 million during the six-month period ending June 30, 1949. Net gold sales to the United States were $128 million and were utilized in part to cover South Africa's trade deficit of $104 million with the United States. The bulk of the remaining gold sales of $109 million went to the United Kingdom to cover dollar transactions handled through London.

Official non-dollar foreign exchange balances declined sharply by $125 million during the six-month period ending June 30, 1949, as compared to a net decline of only $76 million for the entire year 1948. In addition to this drop of $125 million, sterling withdrawals of $200 million by the Union on the $320 million Gold Loan to the United Kingdom must also be included as a further loss of reserves during the first six months of 1949. This marked decline totaling about $325 million in non-dollar foreign exchange assets was the result of the heavy sterling payments deficit of the Union during the first half of 1949. The immediate factors influencing this severe loss of sterling reserves were the stringent exchange restrictions imposed during November 1948 on imports from the dollar area, and, thereafter, the setting of a June 30, 1949 deadline as the final date for unrestricted imports from the sterling area as well.

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Asia

Asiatic Total Gold and Official and Private Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1948 - June 30, 1949

(In millions of dollars)

Country	Gold and Short-Term U.S. Dollars			Official Non-Dollar Foreign Exchange		
	Dec. 31 1948	June 30 1949	Change	Dec. 31 1948	June 30 1949	Change
TOTAL ASIA	2,124	2,062	-62	4,545	3,817	-728
China	337	240	-97	24 (12/48)	24	--
India	308	308	--	3,081	2,447	-634
Netherlands E. Indies	218	214	-4	2	20	+18
Pakistan	24	37	+13	787	750	-37
Philippine Republic	489	389	-100	1/	n.a.	--
Other	748	874	+126	651	576	-75

1/ Less than $500,000.

Asiatic total gold and short-term dollar holdings (excluding Turkey which is treated with ERP countries) declined $62 million for the six month period ending June 30, 1949 as compared to a gain of $139 million in these holdings for the year 1948. Most notable among short-term dollar losses were those experienced by the Philippines ($100 million) and China ($97 million), primarily due to continuing deficits on dollar trade accounts. Further Asiatic hard currency reserve losses were precluded to a considerable degree by assistance received from the United States Government, as well as net withdrawals from the sterling area dollar pool and Indian dollar drawings on the International Monetary Fund.

Official non-dollar reserves declined $728 million during the first half of 1949, the result of deficits on sterling trade accounts and dollar withdrawals from the United Kingdom central reserves charged against sterling holdings.

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China's short-term dollar balances declined $97 million during the first six months of 1949. This decline is accounted for in part as repayment of $22 million of principal on loans extended by the Export-Import Bank, $7 million for gold purchased from the United States for ultimate sale in China against local currency, and payment to the Mexican Government of $14 million for silver purchases used in conjunction with China's return to the silver standard on July 2, 1949. The remaining $54 million largely represents the extent to which the Nationalist Chinese Government utilized available foreign exchange, in supplement to over $100 million in U.S. Government aid and releases from the Chinese treasury in Taiwan, for governmental import requirements for military and civilian purposes as well as operating expenditures of Chinese governmental agencies in the United States. Due to civil war reversals the Nationalist Government transferred an indeterminable amount of its gold reserves to Taiwan. The extent to which these reserves have been utilized is not known.

India's total gold and short-term dollar balances reflected no net change during the first six months of 1949. It did incur a loss of $9 million in gold and $4 million in private short-term dollar balances, but these were offset with a gain of $13 million in official short-term dollar balances. Losses of gold were due to periodic transfers of gold to the State Bank of Pakistan to cover Reserve Bank of India notes withdrawn from circulation in Pakistan. The official short-term dollar gain was made possible by India's reliance on the United Kingdom dollar pool in excess of $75 million and the drawing of $32 million from the International Monetary Fund.

Official non-dollar foreign exchange reserves (principally sterling securities and sterling) dropped $634 million during the first half of 1949 due to heavy adverse trade balances with the sterling area, the charge to India's sterling account of the equivalent of over $75 million resulting from the dollar withdrawals from the sterling area dollar pool, and over $40 million in transfers of sterling assets to the State Bank of Pakistan in addition to gold transfers to cover Reserve Bank of India notes withdrawn from circulation in Pakistan. Foodgrain purchases represented the largest portion of India's import requirements with anticipated foodgrain imports for 1949 valued at over $340 million, of which $240 million is to be supplied by the soft currency area.

Total gold holdings of Pakistan increased $13 million* during the first six months of 1949 ending June 30, 1949. This increase of gold reserves is the result of transfers from the Reserve Bank of India in exchange for Indian rupees fromerly circulating in Pakistan. Dollar requirements of over $15 million were met by drawings from the sterling area dollar pool and were primarily used to cover the $11 million trade imbalance Pakistan experienced with Canada and the United States.

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* It may be noted that this total exceeds the India gold loss during this period by $4 million. This is due to a time differential in recording these balances between the central banks of India and of Pakistan.

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Official non-dollar balances declined $37 million for the half year ending June 30, 1949, of which the equivalent of over $15 million was the result of Pakistan's dollar needs obtained from the United Kingdom central reserves and charged to Pakistan's sterling account. The approximate remainder of $20 million plus the $40 million in sterling transferred from India indicate the extent of Pakistan's sterling payments to cover sterling area trade deficits.

Japan's short-term private dollar holdings totaled $141 million, an increase of $61 million during the six-month period ending June 30, 1949, the most significant gain in Asia. Although these balances are included in the statistics as private holdings, approximately 70 percnet of these balances are official dollar balances held principally in the United States through Japanese branches of United States banks. The significant rise in Japan's official short-term dollar reserves is attributable to increased export receipts and the continued high proportion of United States aid imports to total Japanese imports.

Total short-term dollar holdings of the Philippine Republic dropped sharply by $100 million during the six-month period ending June 30, 1949, as compared to no change for 1948. This dollar reserve decline represents the extent to which the Philippine Republic utilized its reserves for imports in addition to continued large receipts of aid from the U.S. Government during this same period. The Philippine Government instituted an import control program in January 1949, but this program reportedly has not as yet been effectively employed in reducing nonessential imports.

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Oceania

Oceanic Gold and Official and Private Short-Term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1948 - June 30, 1949

(In millions of dollars)

Country	Gold and Short-term U.S. Dollars			Official Non-Dollar Foreign Exchange		
	Dec. 31 1948	June 30 1949	Change	Dec. 31 1948	June 30 1949	Change
TOTAL OCEANIA	136	146	+10	1,221	1,419	+198
Australia	108	106	-2	1,046	1,182	+136
French Oceania	1/	n.a.	1/	1/	n.a.	--
New Zealand	28	40	+12	175	237	+62

1/ Less than $500,000.

Australia's gold and short-term dollar holdings declined only $2 million for the six-month period ending June 30, 1949, as compared to a decline of $10 million for the year 1948. Actual dollar requirements of Australia, however, were over $40 million, the bulk of which was supplied by the United Kingdom dollar reserve pool and primarily utilized for imports from the United States. Dollar pool drawings were partially covered by Australian sales of newly mined gold of over $15 million to the United Kingdom.

Official non-dollar balances increased $136 million as a result of a substantial soft currency export surplus, principally with the United Kingdom. Other significant export surpluses were registered with France, Italy, the U.S.S.R., and Japan. This increase in non-dollar reserves was attained in spite of a $32 million sterling gift to the United Kingdom in January, 1949.

New Zealand's gold and total short-term dollar holdings increased by $12 million during the six-month period ending June 30, 1949, reflecting a gain of $5 million in gold holdings due to governmental purchases of locally produced gold, and a gain of $7 million in total short-term dollar balances. New Zealand's official dollar requirements of over $20 million were provided for by the United Kingdom dollar pool and were primarily utilized to cover its current account deficit of over $15 million with the United States.

Official non-dollar gains of $62 million for the first six months in 1949 were the result of a high level of seasonal exports at top prices reaching their peak in June.

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Latin America

Latin American Gold and Official and Private Short-term
U.S. Dollar Holdings and
Official Non-Dollar Foreign Exchange Holdings
December 31, 1948 - June 30, 1949

(In millions of dollars)

Country	Gold and Short-Term U.S. Dollars			Official Non-Dollar Foreign Exchange		
	Dec. 31 1948	June 30 1949	Change	Dec. 31 1948	June 30 1949	Change
TOTAL LATIN AMERICA	2,792	2,849	+57	995	770	-225
Argentina	357	394	+37	529	376	-153
Brazil	441	433	-8	361	306	-55
Cuba	508	457 1/	-51	n.a.	n.a.	n.a.
Mexico	189	195	+6	6	6	--
Venezuela	444	510	+66	4	2/	-4
Other	853	860	+7	95	82	-13

1/ Excludes U.S. dollar currency held in Cuba, primarily as note cover, which on May 31, 1949 amounted to $51.8 million.

2/ Less than $500,000.

During the first six months of 1949, the drain of Latin American countries' gold and short-term dollar resources was halted. The increase of $57 million in gold and dollar holdings in this half-year period compared favorably with the $124 million loss experienced in the year 1948 and the $764 million loss in 1947. Official holdings of non-dollar foreign exchange, on the other hand, declined by $225 million, representing a far greater rate of loss than the $131 million decrease for the full year of 1948.

An important factor in the relative improvement of the area's gold and dollar position was the reduction in Latin America's merchandise imports from the United States, while exports were maintained at approximately the 1948 level. The resultant trade imbalance for the first six months of 1949 was thus $297 million, almost 30 percent, on an annual

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rate basis, below that experienced during 1948. Contributing considerably to the declining level of imports from the United States were the Latin American countries' trade and exchange controls, which were maintained and in some cases strengthened, and bilateral trading arrangements, which continued to be used as instruments of maintaining trade while conserving hard currency resources.

Financing the six-months' trade deficit with the United States of $297 million and increasing gold and dollar reserves by $57 million were accomplished largely by means of net dollar receipts from transactions with other areas, including $164 million from E.C.A. offshore procurement. Other known sources of U.S. dollars included Export-Import Bank net disbursements amounting to $23 million, net dollar drawings from the International Bank and International Monetary Fund of $19 million and $14 million respectively, and long-term United States capital investments in Latin America.

Argentina, which in 1948 experienced the greatest drain of gold and dollar reserves of all the Latin American countries, made a small gain of $37 million in the first half of 1949, in contrast to the $198 million loss during the year 1948. Trade with the United States during the six-months' period was at extremely low levels, with a resulting merchandise trade deficit of only $12 million. Stringent controls on imports from hard-currency areas, temporary restrictions on the transfer of funds abroad, and the promotion of bilateral trade agreements, exemplified by the Anglo-Argentine Convention, signed June 27, were among the most important measures taken by the government to conserve its gold and dollar reserves. In addition, steps were initiated to liquidate Argentina's outstanding dollar commercial commitments which had increased steadily through 1948 and the first part of 1949. Official holdings of non-dollar foreign exchange declined by $153 million during the six-months' period.

A loss of only $8 million in gold and short-term U.S. dollar holdings was experienced by Brazil during the first six months of 1949 in spite of the final repayment of $60 million on a Federal Reserve Bank loan. The promulgation of new exchange control regulations and the progressive tightening of import trade regulations enabled Brazil to hold its deficit on trade to $5 million, but the backlog of dollar commercial obligations grew during the period. Dollar funds in the amount of $30 million were obtained from the International Bank and the International Monetary Fund and $6 million net from the Export-Import Bank. Exports collectible in dollars to countries other than the United States provided an additional source of dollars, including $21 million of purchases financed by E.C.A. Non-dollar official foreign exchange holdings declined by $55 million during the six-months' period, chiefly as the result of the amortization of outstanding sterling indebtedness and the purchase of foreign-owned railways.

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In contrast to its loss of $50 million in gold and short-term dollar resources during 1948, Mexico made a slight gain of $6 million in these reserves during the first six months of 1949. A deficit on merchandise trade with the United States of $94 million (including silver transactions), was partially offset by sales for U.S. dollars of silver coins to Saudi Arabia and China amounting to approximately $25 million, E.C.A. offshore purchases in Mexico of $22 million, sales of gold to the United States in the amount of $10 million, and disbursements by the Export-Import Bank and the International Bank. Additional dollar revenue was provided by net tourist receipts, the amount of which is not known but which is believed to have approximated $50 million during the six-months' period. Total holdings of gold and dollars nevertheless were still at low levels by mid-year. On June June 18, the peso, which had dropped considerably in value since the withdrawal of the Bank of Mexico's support in July 1948, was stabilized at 8.65 per U.S. dollar. A few days later, existing import controls were strengthened to prevent further depletion of hard-currency reserves.

Cuba's gold holdings remained unchanged during the first half of 1949, but its short-term dollar balances in the United States declined by $51 million. The loss was entirely due to a reduction of private dollar balances resulting from the repayment of a bank overdraft. During the same period, Cuba experienced a merchandise trade surplus with the United States of $27 million, and dollars held in Cuban Treasury vaults principally as note reserve increased by $24 million.

A continued high level of oil exports and receipts of royalties from oil companies in the United States enabled Venezuela to increase its official dollar holdings by $55 million and its privately-held dollars by $11 million during the first half of 1949. This strong hard-currency position was achieved in spite of an even higher rate of imports from the United States than that maintained during 1948.

The changes in foreign exchange held by the remaining Latin American countries were composed of relatively insignificant gains and losses on the part of individual countries with several exceptions. El Salvador, because of record coffee production and high export prices, increased its gold and dollar holdings by $14 million; a part of this increase was due to seasonal factors. Uruguay, by means of strict enforcement of import restrictions and the extension of bilateral commercial agreements, reduced its imports from the United States and acquired additional gold and dollar holdings in the amount of $7 million. Its official non-dollar foreign exchange, consisting principally of pounds sterling, declined by the equivalent of $22 million largely as the result of the purchase of formerly British-owned railways. The largest gain in exchange other than dollars was made by Peru which increased its holdings by $10 million, chiefly in sterling, as the result of exchange regulations which restricted the utilization of official exchange to a limited list of commodities, most of them unavailable from the sterling area.

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TABLE I

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Estimated Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas as of December 31, 1948 and June 30, 1949
(In Millions of Dollars)

I		II		III		IV		V	
Official Gold Holdings		Short-term Dollar Balances in U.S. Official		Private		Total Gold and Dollars (I + II + III)		Official Non-Dollar Foreign Exchange	
Dec., 1948	June, 1949	Dec., 1948	June, 1949	Dec., 1948	June, 1949	Dec., 1948	June, 1949	Dec., 1948	June, 1949
11,790	11,837	2,797	2,667	3,017	3,018	17,604	17,522	9,732	9,169
8,501	8,542	976	873	1,475	1,443	10,952	10,858	1,516	1,852
5,080	5,042	852	795	1,437	1,407	7,369	7,244	1,447	1,810
3,307	3,378	124	78	38	36	3,469	3,492	69	42
114	122	2/	2/	--	--	114	122	n.a.	n.a.
408	428	536	534	241	246	1,185	1,208	n.a.	n.a.
278	246	67	98	54	51	399	395	1,456	1,304
989	996	774	628	361	438	2,124	2,062	4,545	3,817
109	114	8	6	19	26	136	146	1,221	1,419
1,505	1,511	435	535	852	803	2,792	2,849	995	770
--	--	1	-7	15	11	16	4	-1	7

nal organizations. These holdings are shown in Table III.

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TABLE II

Estimated Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries, by Areas and by Countries, as of June 30, 1949*
(In millions of dollars)

Country	I Official Gold Holdings: In U.S.	II Official Gold Holdings: Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances in U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
GRAND TOTAL	2,839	11,837	2,667	3,018	17,522	9,169
TOTAL EUROPE.....	1,891	8,542	873	1,443	10,858	1,852
Albania.....	--	1	1/ 2/	1/ 2/	1	n.a.
Austria.....	25	50	28	(4/49)8	86	n.a.
Belgium & Luxembourg.....	361	707	12	126	845	337
Bulgaria.....	--	25	1 2/	1/ 2/	26	n.a.
Czechoslovakia.....	11	25	(4/49)4	(4/49)16	45	30
Denmark.....	1	32	9	24	65	37
Estonia.....	--	(5/40)13	2 2/	1 2/	16	n.a.
Finland.....	6	6	14	4	24	n.a.
France.....	98 3/	525	76	118	719	64
Germany.....	--	--	103	57	160	298
Greece.....	--	5	18	10	33	50
Hungary.....	--	35	1/ 2/	1 2/	36	18
Iceland.....	--	1	(4/49)2	(4/49)1	4	1
Ireland.....	2	11	2 2/	10 2/	23	176
Italy 4/.....	30	128	258	118	504	249

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Country	I Official Gold Holdings: In U.S.	II Official Gold Holdings: Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances in U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
EUROPE (Cont'd.)						
Latvia	3	14	5 2/	1 2/	20	n.a.
Lithuania	3	11	1/ 2/	1/ 2/	11	n.a.
Netherlands	124	185	21	100	306	119
Norway	20	52	21	48	121	33
Poland	18 5/	59	(4/49)9	(4/49)7	75	(4/49)8
Portugal	104	196	6	27	229	274 6/
Rumania	13	150	3	4	157	n.a.
Spain	--	111	4	6	121	n.a.
Sweden	27	71	30	26	127	135 7/
Switzerland 8/	611	1,419	106	408	1,933	n.a.
Trieste	--	--	-- 2/	4 2/	4	n.a.
Turkey	67	160	5	10	175	37
United Kingdom	317	1,500	98	312	1,910	n.a.
U.S.S.R.	--	2,875	8	4	2,887	n.a.
Vatican City	31	31	8	--	39	n.a.
Yugoslavia	8	22	6	1	29	n.a.
Other Europe	--	--	--	1	1	n.a.
Unidentified	--	--	14	-10	4	-14
Tripartite Commission	11	122	1/	--	122	n.a.
CANADA	--	428	534	246	1,208	n.a.

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DECLASSIFIED Authority NND 778028 By KG NARA Date 6/19/80

Country	I Official Gold Holdings: In U.S.	II Official Gold Holdings: Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances in U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
TOTAL, AFRICA.....	39	246	98	51	395	1,304
Algeria.....	--	14	1/ 2/	1 2/	15	n.a.
Belgian Congo.....	11	22	(4/49)34	(4/49) 3	59	n.a.
Egypt.....	--	53	45	9	107	982
Ethiopia.....	--	2	(4/49)2	(4/49) 1	5	13 9/
French Morocco.....	--	6	7	9	22	n.a.
French West Africa.....	--	n.a.	2 2/	1 2/	3	n.a.
Tangier.....	--	n.a.	-- 2/	13 2/	13	n.a.
Union of South Africa..	28	149	5	4	158	7
Other French Africa....	--	n.a.	2 2/	1 2/	3	n.a.
Other Africa.....	--	n.a.	1 2/	9 2/	10	302 [illegible]/
TOTAL, ASIA.....	159	996	628	438	2,062	3,817
Afghanistan.....	33	(3/49) 39	3 2/	1 2/	43	(3/49) 1
British Malaya.....	--	n.a.	--	12	12	(12/48)84 11/
Burma.....	--	n.a.	1/ 2/	1 2/	1	(12/48)35
Ceylon.....	--	n.a.	1/ 2/	1 2/	1	11
China.....	12	(12/48)121	69	50	240	(12/48)24
French Indo-China.....	--	n.a.	3	3	6	n.a.

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Country	I Official Gold Holdings: In U.S.	II Official Gold Holdings: Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances in U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
ASIA (Cont'd)						
Hong Kong.....	--	n.a.	1	67	68	n.a.
India.....	--	247	39	22	308	(7/1/49)2,447
Iran.....	--	140	(4/49)11	(4/49)8	159	(3/49)171
Iraq.....	--	n.a.	(4/49)--	(4/49)4	4	5
Israel.....	--	n.a.	12 2/	4 2/	16	(7/6/49)102
Japan.....	--	206 12/	1	141	348	n.a.
Korea (South).....	--	n.a.	25 2/	1/ 2/	25	1/
Lebanon.....	--	2	(4/49) 1	(4/49)11	14	(3/48)90 13/
N.E.I. (Indonesia).....	114	178	20	16	214	20
Pakistan.....	--	27	6 2/	4 2/	37	(7/1/49)750
Palestine (Arabian).....	--	n.a.	1/ 2/	2 2/	2	n.a.
Philippine Republic.....	--	1	328	60	389	n.a.
Saudi Arabia.....	--	n.a.	13 2/	4 2/	17	n.a.
Siam.....	--	34	61 2/14/	5 2/	100	(12/48)65
Syria.....	--	1	(4/49) 1	(4/49) 2	4	(3/48)46 13/
Unidentified & Other....	--	--	34	20	54	-34
TOTAL, OCEANIA.....	--	114	6	26	146	1,419
Australia.....	--	86	5	15	106	1,182
French Oceania.....	--	n.a.	1/ 2/	1/ 2/	1/	n.a.
New Zealand.....	--	28	1	11	40	237

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Authority NND 778028
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Country	I Official Gold Holdings In U.S.	II Official Gold Holdings Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances In U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
TOTAL, LATIN AMERICA.....	750	1,511	535	803	2,849	770
Argentina.....	12	164	150	80	394	376
Bolivia.....	12 15/	23	4	11	38	4
Brazil.....	260	317	70	46	433	306
Chile.....	21	44	21	35	100	4
Colombia.....	11	(4/2/49)47	32	20	99	n.a.
Costa Rica.....	2	2	2	5	9	1/
Cuba.....	288	(5/49) 289	5 16/	163	457	n.a.
Dominican Republic.....	4	4	(4/49)15	(4/49)20	39	--
Ecuador.....	14 17/	21	(4/49)3	(4/49)5	29	2
El Salvador.....	9	14	(4/49)22	(4/49)12	48	1/
F.W.I. and Guiana.....	--	n.a.	1/	1/	--	n.a.
Guatemala.....	23	27	(4/49)17	(4/49)16	60	n.a.
Haiti.....	3	3	1 2/	5 2/	9	(5/49)3
Honduras.....	--	1/	(4/49)4	(4/49)6	10	n.a.
Mexico.....	16	32	31	132	195	6
N.W.I. and Surinam.....	13	18	15	9	42	n.a.
Nicaragua.....	3 18/	3	(4/49)2	(4/49)6	11	n.a.
Panama.....	--	1/	1	69	70	n.a.

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7285596

Country	I Official Gold Holdings In U.S.	II Official Gold Holdings Total	III Short-term Official Dollar Balances in U.S.	IV Private Short-term Dollar Balances in U.S.	V Total Gold and Dollars	VI Official Non-Dollar Foreign Exchange
LATIN AMERICA (Cont'd)						
Paraguay	1/	1/	(4/49)3	(4/49)1	4	2
Peru	1	20	21	32	73	15
Uruguay	31	161	(4/49)4	(4/49)44	209	50
Venezuela	27	322	114	74	510	1/
British Possessions	--	n.a.	1/ 2/	5 2/	5	n.a.
Unidentified	--	--	-2	7	5	2
Unidentified and Undistributed	--	--	-7	11	4	7

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228597

NOTE:

Gold: Data represent total holdings of governments, central banks, and other official institutions without regard to location of holdings.

Short-term dollar balances: Composed principally of deposits in United States banks and holdings of U. S. Government Treasury bills and certificates.

Official: Short-term balances reported by banks in the United States held for the account of foreign governments, central banks, and other official institutions.

Private: Short-term balances reported by banks in the United States held for the account of institutions and persons, other than official, domiciled in foreign countries.

Official non-dollar foreign exchange: Short-term non-dollar foreign exchange assets held by governments, central banks, and other official institutions. In certain cases where short-term non-dollar official foreign exchange could not be segregated from long-term assets serving as note cover, but the amounts of such short-term assets are considered to be an important part of the total, a total figure including long-term assets is shown.

FOOTNOTES:

* Official gold, dollar, and non-dollar foreign exchange holdings as of June 30, 1949 were used wherever available. For countries whose current holdings have not been published, available estimates have been used, or the figures previously published or estimated have been carried forward.

1/ Less than $500,000.

2/ As of December 31, 1948: represents deposits reported by banks and bankers in the Second Federal Reserve District only and short-term investments reported by the Federal Reserve Bank of New York.

3/ Includes $78.0 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

4/ Vatican City holdings excluded.

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FOOTNOTES (Cont'd.):

5/ Includes $7.7 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

6/ Principally sterling accrued under the Payments Agreement of 1945 collectible until 1975.

7/ Includes estimated holdings of the National Debt Office.

8/ Excludes the holdings of the Bank for International Settlements.

9/ Principally foreign securities held as currency reserve.

10/ Consists of $207 million currency reserve fund (sterling) of British West Africa and $95 million currency reserve fund (sterling) of British East Africa.

11/ Represents Malaya Currency Fund, Liquid Portion, which includes short-term investments.

12/ Includes approximately $82 million of gold claimed by the following countries to be held on earmark by the Japanese Government: Siam, $43.7; Indo-China, $37.2; China, $0.7; and Italy, $0.2.

13/ Principally French franc note cover for currency.

14/ Estimated on basis of December 31, 1948 deposit data reported by banks and bankers in the Second Federal Reserve District and June 30, 1949 short-term investment data submitted by the Federal Reserve Bank of New York.

15/ Includes $4.2 million held as collateral for loans made by domestic banks.

16/ Excludes $51.8 million in U. S. dollar currency held in Cuba, $50.0 million of which is on deposit in Cuban Treasury vaults as coverage for silver certificates.

17/ Includes $5.3 million held as collateral for a loan on gold granted by the Federal Reserve Banks.

18/ Represents $2.8 million held as collateral for loans made by domestic banks.

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TABLE III
Gold and Foreign Exchange Holdings of International Institutions
June 30, 1949
(In Millions of Dollars)

	Gold	Short-Term Dollar Balances	Total Gold and Dollars	Non-Dollar Foreign Exchange
TOTAL, INTERNATIONAL INSTITUTIONS 1/	1,495	1,952	3,447	5,137
Bank for International Settlements	55	57	112	17
International Bank	--	511	511	935
International Monetary Fund	1,440	1,341	2,781	4,185
Other	--	43	43	n. a.

1/ December 31, 1948 holdings were: Gold, $1,472 million; Short-term dollar balances, $1,904 million; Total Gold and Dollars, $3,376 million; Non-Dollar Foreign Exchange, $5,060 million.

228600

Adjustments to Tables in N.A.C. Document No. 352 (December 31, 1948)
which make them comparable to Tables I and II of this Document
(In Millions of Dollars)

Country	Correction to Total Gold as of 12/31/48	Correction to Official Non-$ Foreign Exchange as of 12/31/48	Explanation
GRAND TOTAL	-34	-25	
TOTAL, EUROPE	-32	-80	
Austria	+1		Rounding.
Bulgaria		-80	No estimate now available.
Czechoslovakia	+8		New data.
Italy	+2		New data.
Portugal	- 2		New data.
Rumania	-41		Revised estimate.
Canada	- 2		New data.
Total Africa		- 3	
Egypt		- 3	New data.
Total Asia		+56	
British Malaya		-34	New data.
Burma		+5	New data.
Israel		+39	New data.
Korea		- 2	New data.
Pakistan		+1	New data.
Siam		+47	New data.
Total Oceania		+2	
New Zealand		+2	New data.

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File Cap Movements Summary
Box 39

CAPITAL MOVEMENTS SUMMARY - INTERNAL
1/2/77 - 1/5/78

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Box
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December 29, 1941

Mr. White

Mr. Hesse

Subject: Capital movements during week ended December 17, 1941

1. There was a net capital outflow of $71 million, due principally to the purchase and earmark of gold by foreign authorities. Sweden purchased $25 million, Switzerland purchased $20 million and Argentina $8 million.

2. Outflow of private funds was principally for account of United Kingdom. The reduction in Cuban balances reflected the transfer to the head office of a New York bank of $8 million previously held for the account of its Cuban branch.

3. Net purchases of $2.4 million of domestic securities by Swiss investors featured the report of security transactions during the week.

HEH:gp 12/29/41

228603

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Box
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Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date December 19, 1941 19

To: Mr. White

From: Mr. Hesse

Subject: Capital Flow During Week Ended December 10.

1. Net capital outflow of $24 million. The British official account alone declined $21 million.

2. There was a transfer of $16 million from the Java Bank to the Netherlands Purchasing Commission account, offset in part by receipts from private Dutch East Indian accounts in the market.

3. Argentina purchased $4 million in gold for subsequent earmarking.

4. Amtorg received $6.5 million from the R.F.C., under the agreement to purchase $100 million of strategic materials from Russia.

5. There was a shift of Swiss and Swedish official deposits to U.S. Government obligations amounting to $10 million and $25 million, respectively.

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Box
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File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date December 15, 1941 19

To: Mr. White

From: Miss Kistler

Subject: U.S. Capital Movements in New York F.R.D. for Week Ending Dec. 3.

Significant Developments:

(1) Net capital movement was small; there was a net outflow of only $7 million.

(2) The British received $50 million from the R.F.C. as fifth advance on the $425 million credit, reducing unused portion to $75 million.

(3) Amtorg Trading Corp. received $5 million, presumably as repayment of funds advanced against a cancelled war order.

(4) Canadian repurchases of U.S.-held Canadian securities were largely responsible for the $2.2 million net outflow on security account.

(5) Switzerland bought $20 million of gold for earmark, raising total purchased since June to $132 million; Java bought $7 million, largely covered by transfers from private Javanese accounts.

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Box
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File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date February 25, 1942

To: Mr. White

From: Mr. Haase

Subject: Movement of capital during the week ended February 11, 1942.

1. There was a net capital outflow of $14.6 million, all official funds. Largest fall occurred in British official funds.

2. Turkey, Portugal and Argentina used official balances here to purchase gold for earmark.

3. Canadian official balances rose as a result of the sale of gold imports.

4. Mexico sold $11.8 million of gold from their holdings, $9 million of which was turned over to the U. S. as a "token" payment pending eventual settlement of the claims of the American oil companies.

5. Private accounts of "Other Asia" increased with payments for tin and rubber from the Far East.

228606

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Box
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File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date February 10, 1942 19

To: Mr. White

From: Mr. Hesse

Subject: International Capital Movements During the Week Ended January 28, 1942.

1. There was a net capital outflow of $13 million.

2. The largest transactions were (a) the purchase and earmark of $20 million of gold for the account of the Swiss National Bank, (b) the sale of $16 million of gold by Canada, and (c) the transfer of $8 million by U. S. Treasury to Australian account for use of American armed forces there.

3. The net outflow of private funds was partly due to overdraft accommodations granted by a New York bank to its Singapore branch. Smaller outflows were recorded in private Swiss, British and Canadian accounts.

4. Acquisition of American securities amounting to $1.4 million by Swiss investors was largely offset by sales of both American and Canadian securities by Canadians.

228607

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date March 30, 1942 19

To: Mr. White

From: Miss Fulton

Subject: Capital Movements During Week Ended March 18, 1942

1. There was a net capital outflow of $41.9 million, due principally to purchase of gold for earmarking by Sweden and Switzerland of $25 and $20 million, respectively.

2. Net outflow on private account was $4.1 million.

3. Private British funds fell $11.9 million. This was largely counterbalanced by increases in "private" deposits held by Latin Americans.

4. There was a net outflow on security account of $1.4 million, reflecting principally further acquisition of Canadian securities by Americans.

The $1.6 million increase in deposits for the account of National Bank of Iceland, which received $1.3 million from U.S. Department of Agriculture for the purchase of fish presumably for England. The first payment occurred January 23, 1942; since that time a total of $3.6 million has been paid Iceland for that purpose.

228608

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date May 5, 1942 19

To: Mr. White

From: Miss Fulton

Subject: International Capital Movements for week ended April 22, 1942

1. There was a net capital inflow of only $4 million, with no large movements in the account of any individual country.

2. Canadian official account was credited with $5 million for U. S. Government checks deposited by War Supplies Ltd.

3. Canal Zone funds increased by $4 million as a result of the receipt of funds from the U. S. Treasurer in reimbursement of war expenditures.

4. Official Chilean funds increased $4 million representing proceeds of copper exports to U. S.

5. Sweden used $7 million of balances held here to purchase U. S. Government obligations.

6. Argentina bought $5 million of gold for earmark.

7. Continued acquisition of Canadian securities by Americans are largely responsible for the net capital outflow of $2 million on security account.

MR. WHITE
Branch 2058 - Room 214

228609

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Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date June 25, 1942 19

To:

From:

International Capital Transactions for week ended March 4, 1942.

1. There was a net capital inflow of $37.3 million, principally in foreign official funds.

2. Canadian official funds rose $44.3 million accompanying the receipt of $40 million representing proceeds of U.S. Government checks deposited by War Supplies, Ltd., together with the transfer of $4.3 million from Official British account.

3. Official British holdings increased by $19.9 million as a result of a further payment of $40 million by the R.F.C. on the $425 million loan secured by British-owned American securities and direct investments in the U.S.

4. Official Swedish and Mexican funds increased by $4 million each.

5. Swiss, Argentine and Venezuelan funds were drawn down by $19.3, $4.9 and $3 million respectively accompanying the earmarking of gold.

6. Private funds resulted in an outflow of $12 million, reflecting transfers from Dutch East Indian accounts of $9.8 million to Netherlands Purchasing Commission and a decline of $5.9 in Swedish balances.

7. There was a capital inflow of only $400 thousand on security account, as acquisition of domestic securities by Swiss and Latin-American investors was largely offset by American purchases of Canadian securities.

228610

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date June 25, 1942 19

To:

From:

International Capital Transactions for
week ended February 18, 1942.

1. The outward movement of capital which began in December, 1940, continued during this week with a recorded outflow of $57.8 million, bringing the total since that time to over $850 million.

2. Foreign official funds decreased by $60.4 million, owing largely to the continued conversion of dollar balances into gold.

3. Swedish and Swiss holdings were reduced by $27 and $19 million, respectively, by the earmarking of gold which, in the case of Switzerland, brought these earmarked holdings to a level of about two-thirds of the Swiss gold reserves.

4. Small increases were shown in official Mexican and Other Latin-American funds reflecting sales of Mexican and Colombian gold.

5. Private foreign funds rose $11.2 million, principally for Canadian account, reflecting the transfer of funds to N.Y. accounts of Canadian commercial banks and the receipt of $5.8 million for sale of bonds.

6. The largest decrease in private funds occurred in Other Asia which declined $5.1 million reflecting the transfer to British account the proceeds of Singapore rubber and tin exports.

7. International security transactions resulted in a net capital outflow of $8.6 million, reflecting principally the sale of Canadian bonds to American banks, together with Swedish, Canadian and Latin-American sales of domestic securities.

228611

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By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date June 24, 1942 19

To:

From:

International Capital Transactions for week ended February 4, 1942.

1. There was a net capital outflow of $59.6 million due principally to conversion into gold of dollar balances.

2. Official funds declined by $35.9 million with Swiss National Bank accounting for $18.9 million through the earmarking of gold.

3. British official funds were reduced by $10 million despite the transfer of $5.3 million from Commonwealth Bank of Australia to their account.

4. Bank of Portugal earmarked $10 million of gold.

5. Bank of Brazil repaid $5 million of the Stabilization Fund Credit reducing the amount outstanding to $3 million. Brazilian funds did not decline by this amount due to transfer of $500 thousand from Portuguese to Brazilian account.

6. Private foreign funds declined by $24.4 million with Canada accounting for nearly half of it.

7. A $700 thousand net inflow of capital on security account reflected a repatriation of foreign securities, offset in part by Canadian selling of American securities.

228612

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date June 20, 1942 19

To: Mr. White

From: Miss Fulton

Subject: International Capital Transactions for the week ended June 10, 1942.

1. The recorded net capital inflow of $50 million during the week brings to over $100 million the recorded net inward movement for the last three weeks. The inflow was principally in official funds.

2. British official funds rose $30 million, due largely to receipt of $40 million of refunds for U.S. Government of B.P.M. advances, and $4 million for U.S. Army in England and Egypt.

3. Official Canadian accounts increased by $25 million resulting from a payment of $18 million by R.F.C. to the Aluminum Company of Canada and $7.6 million by U.S. Government to War Supplies, Ltd.

4. Guatemala, Portugal and B.I.S. purchased $12.5 million of gold for earmarking.

5. Net movement in private accounts was small as changes tended to counterbalance one another.

6. There was a net capital outflow of only $1.5 million on international security account, despite continued purchases by Americans of Canadian securities.

228613

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By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date September 29 1942

To: Mr. White

From: Miss Fulton

Subject: International Capital Transactions for the month ended August 31, 1942.

1. There was a net capital inflow of $54 million principally for official account; U.S. Government payments were the dominating factor.

2. Britain received $17.5 million for U.S. Armed Forces and $16 million for Australian wool; the net increase in British official balance was $28 million.

3. U.S. Government payments to Norwegian Shipping and Trade Mission accounted for the increase of $6 million in Norwegian official balances, while Iceland received $2 million for U.S. Army and further payment for fish.

4. The rise of $11 million in official Argentine balances was due largely to transfer of funds from private account.

5. Official balances of Russia, Cuba and France fell. A decline of $6 million in Russian funds reflected largely payments to British Ministry of Shipping.

6. The movement into U.S. Treasury bills continued during August. Netherlands, Sweden, Canada and Iceland were net buyers.

7. The net movement on private account was negligible.

8. There was a net export of securities of $9.4 million. The principal transaction was an intra-corporate transfer between a Canadian bank and its N.Y. Agency of securities held by the latter as collateral against a defaulted loan taken over by the Canadian office.

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date August 29, 1942 19

To: Mr. White

From: Miss Fulton

Subject: International Capital Transactions for the month ended July 31, 1942.

1. There was a net capital inflow of $49.5 million principally for official accounts.

2. British official funds increased $29 million; U. K. received $16 million transferred from account of Bank of Australia and $11 million for credit of our armed forced abroad.

3. Official balances of Colombia increased $6 million, largely as a result of proceeds of coffee exports.

4. Official Swiss funds fell $9 million as a result of the purchase of gold for earmarking. Afghanistan also purchased $4.6 million of gold for earmark.

5. Private balances increased $31 million, most of which was for Canadian and Cuban account. The former reflected principally proceeds from Province of Ontario bonds and the latter represented advance payments by Defense Supplies Corporation of $6.6 million to Cuban sugar producers.

6. There was a net capital outflow on security account of $13 million. The purchase of $15 million of Ontario bonds was partially offset by Latin American repurchases of $5 million of their own securities.

MVF:dal
8-29-42

228615

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By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date December 11, 1942

To: Mr. White

From: Miss Mikulich

Subject: International Capital Transactions for the month ended October 31, 1942.

1. Net capital inflow of $98.5 mil. in Oct. extended to $585 mil. the net inward movement since February.

2. Sharply curtailed payments on Br. contracts which are now running at $16-$17 mil. monthly, accounted for the recent rise in Br. official balances. They rose $10 mil. in Oct. to reach $240 mil., the largest amount since Sept. 1939.

3. Chinese Gov. repaid the $19 mil. credit granted by U.S. Stabilization Fund in 1937, principally from sale of $15 mil. of gold held as collateral.

4. Official deposits held for Canada, Belgian Congo and Mexico increased from $6 to $10 mil. The last represents proceeds of U.S. currency returned from Mexico.

5. U.S. claims on Cuban Gov. declined $5 mil. with deposit of $5 mil. of U.S. currency in Havana in payment for gold earmarked here for Cuban account in Sept.

6. Argentina purchased $29 mil. of gold for earmarking largely from proceeds of private Argentine funds transferred to official account. Switzerland purchased $5 mil. of gold for earmarking, the first since July.

7. The movement in private banking funds were about in balance.

8. The inflow of $17 mil. on security account reflected principally the redemption of $13 mil. of Province of Ontario bonds held by Americans.

9. Net purchases of U.S. securities were reported for Swiss, Latin American and "other Asia" accounts; the latter reflects the purchase of U.S. Treasury notes by Netherlands Purchasing Commission.

228616

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By KG NARA Date 6/18/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date February 23, 1942 19

To: Mr. White

From: Miss Sistler and Miss Fulton

Subject: International Capital Transactions During 1942

1. There was a recorded short-term capital inflow during 1942 of about $606 million, principally as a result of an increase in official foreign balances.

2. The largest increase occurred in Chinese official balances reflecting receipt of $200 million on the loan from the U.S. Government.

3. The second largest increase was in British official funds which at December 31 were at the highest level since the outbreak of war.

4. Balances held for the account of Canada, Latin America, Portugal and Spain also showed substantial increases over the year, in large part the result of U.S. Government purchase programs.

5. Decline in official balances of European neutrals reflected the continued conversion of dollars into gold. Switzerland led with the purchase of $154 million of gold. Argentina was second with $100 million.

6. Gold held on earmark at the N.Y.F.R.B. rose $160 million during the year to $2,875 million at December 31, the highest level ever attained.

7. On December 31, foreign governments and central banks held $565 million of short-term U.S. Treasury obligations. Canada, China, Sweden and Netherlands Purchasing Commission were the largest holders in the order named.

8. There was a net inflow on security account during 1942 of $32 million. Swiss investors, the Netherlands Purchasing Commission and Latin American purchasers were the principal buyers of American securities.

228617

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By KG NARA Date 4/18/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date June 24, 1943 19

To: Mr. White Mr. E. M. Bernstein

From: Miss Fulton

Subject: International Capital Transactions for the Month Ended April 30, 1943

1. There was a net capital inflow of $62 million during April. The rise was more than accounted for by an increase in official foreign accounts.
2. Of the $90 million increase in foreign official funds, $50 million was accounted for by Britain, $12 million by China, and $10 million each by Canada, Mexico and French Morocco.
3. The only significant reduction in official funds was one of $15 million for Algeria, reflecting payment to Lend-Lease for civilian goods delivered to North Africa.
4. Foreign governments and central banks bought $53 million of short-term U.S. Government obligations, raising total holdings at end of April to $910 million.
5. $105 million of gold was purchased for earmarking; the largest amount in any single month for over a year. Nine Latin American countries, and Portugal, Switzerland, and Turkey purchased gold for earmarking here.
6. Private funds were reduced by $30 million. The reduction was scattered among a number of countries.
7. Transactions in long-term securities resulted in a capital inflow of $2.7 million.

228618

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By KG NARA Date 6/13/00

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File CAP Movements Summary
Box 39

DRAFT
TMK:rl 5/6/43

To: Mr. White

From: Miss Fulton

Subject: International Capital Transactions for the Month ended March 31, 1943.

1. Official foreign accounts in N.Y.F.R.B. increased a further $485 million during March to a level about $825 million above that prevailing at the close of February 1942. The principal factor in this rise continued to be U.S. Government disbursements.

2. The rise in official foreign funds together with net purchases by foreigners of foreign securities amounting to $54.5 million (which is more than accounted for by the Canadian redemption operation) accounted for the net capital inflow of $108 million during the month.

3. The largest increase in official funds--$34 million--was for Chinese account. This accompanied the receipt of an additional $20 million from the $500 million loan and brings the utilized portion of the loan to $240 million.

4. Algerian funds in United States increased to almost $60 million by the end of March; they have since fallen to $37 million.

5. Turkey, Argentina and Mexico purchased and earmarked sizeable amounts of gold--$20 million, $17 million and $15 million,--respectively.

6. There was little net change in foreign private funds held in this country.

228619

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Box 39

That is the last we heard of the matter until receipt of Secretary Hull's communication in which he encloses a letter ~~that he wrote~~ written to the President on April 29th regarding the Greek financial situation. In that letter he states that ~~they have~~ the State Dept had arranged with the Lend-Lease Administration for ~~a million dollars a month aid~~ and $1 million a month to the Greek Government, with the implication that we (the Treasury) were consulted.

The letter to the President, besides implying that we were consulted, gives a misleading impression of the Greek dollar position. If the State Department recognizes that our views on the adequacy of the dollar assets of foreign governments should bear any weight at all in decisions ~~with respect to~~ on financial aid to foreign governments, it seems to me that their action in this matter ~~is~~ has been both discourteous and inexcusable.

I am appending two letters of acknowledgment, one raising the issue with the State Department and the other a simple letter of acknowledgment.

228620

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By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Treasury Department
Division of Monetary Research

Date October 22, 1943 19

To: Mr. White

From: Miss Schachter

Subject: International Capital Transactions for the Month Ended August 31, 1943

1. There was a net capital inflow of $176 million in August despite the purchase and earmarking of $90 million of gold for Latin American account. This brings the total capital inflow into the United States so far this year to $863 million, the largest amount for any full year since 1939.

2. Short-term foreign funds increased $72 million, only $18 million of which was on official account.

3. Canadian official funds fell $52 million reflecting a redemption of two Canadian bond issues of about $100 million.

4. Official Latin American funds decreased $46 million reflecting the gold purchase operations.

5. Chinese and British official funds rose $23 million and $78 million, respectively.

6. The net capital inflow of $104 million through security transactions was dominated by the redemption of the Canadian bonds.

228621

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By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Jan. 20, 1944.

Mr. White

Miss Schachter

Subject: International Capital Movements in November 1943.

1. Dollar payments in November to foreign account by the Federal Reserve Bank of New York amounted to $150 million which brought dollar payments to foreign accounts since December 1941 to over $1.9 billion.

2. The net inflow of foreign funds into the New York District was $199,000,000. Of this increase, $139 million was in official foreign accounts, reflecting the rise in official Canadian and British funds of $79 million and $24 million, respectively.

3. China's official funds rose $18 million despite the transfer of about $6 million to her private Chinese accounts in anticipation of the redemption of Chinese savings certificates.

4. The reduction of $13 million of official funds in the "all other" category was largely the result of Algeria's payment of $15 million to the Lend-Lease Administrator for goods delivered to North Africa for civilian consumption. This payment brought the aggregate of such payments by Algeria to $46 million.

5. Latin America's official funds decreased by only $4 million despite the purchase and earmark of over $50 million of gold, half of which was for the Bank of Argentina whose official dollar funds decreased by $9 million.

6. Private funds rose by a net amount of $18 million, the largest single inflow being one of $14 million for Canadian account.

7. International security transactions amounted to a net inflow of $2,000,000.

HS:rl 1/20/44

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Box
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Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

Jan. 4, 1944

Mr. H. D. White

Miss Schachter

Subject: International Capital Movements in October 1943

1. October's increase in foreign funds of $143 million plus the purchase and earmark of $50 million of gold brought the increase in the combined holdings of dollars and gold to over $2.7 billion since February 1942.

2. Official funds rose by $115 million, the principal recipient being the British, Canadian and Chinese, which rose by $78 million, $36 million and $11 million, respectively, the last being entirely due to the receipt of dollars for U.S. currency and checks negotiated in China.

3. Five million dollars of gold was earmarked for the British Government in payment for rupees U.S. acquired through gold sales in India.

4. There was a decrease by $16 million in official Australian funds. The transfer of $40 million to Britain was partially offset by the receipt of $20 million for the credit of our armed forces.

5. Official Latin American funds increased $4 million despite the purchase and earmarking of $41 million of gold. Principal recipient was Argentina whose official dollar and gold holdings rose $25 million.

6. Private foreign funds rose by $28 million, largely as a result of an increase in private Canadian and Portuguese balances, the latter reflecting payments by the Metals Reserve Company.

7. Net capital movement in international security account was negligible; net sales for Canadian account was offset by scattered buying by other countries.

MS:rl 1/4/44

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By KG NARA Date 6/19/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

April 22, 1944

Mr. White

Miss Schachter

Subject: International Capital Movements in February 1944

1. During February, foreign central banks and governments purchased and earmarked $172 million of gold, the largest for any month since September 1939.

2. The British Government alone acquired $106 million of gold of which $100 million was purchased with dollar exchange held in New York. However, owing to U.S. Government outlays of about $180 million in the British Empire, British official dollar funds did not change appreciably.

3. About $40 million of gold was purchased and earmarked for Argentina, $11 million for Venezuela, $5 million for Guatemala, $5 million for Switzerland and $4 million for Afghanistan.

4. Concurrently, from the $3.5 billion earmarked gold held here for foreign account, $113 million was exported to Mexico, $94 million to England, and $6 million to Argentina.

5. Over and above this conversion of dollars into gold, official foreign funds in the Second Federal Reserve District rose by $151 million.

6. Official Canadian funds were built up by $92.5 million, due largely to the sale of Canadian goods to us, and payment by Mexico of $23 million for the purchase of Canadian gold. The above transaction resulted in a decrease of $11.7 million in Mexican official funds.

7. Chinese and Norwegian official funds rose $29 million and $13 million respectively because of our wartime foreign spending. An increase of about $18 million was also reported for the Brazilian and the Turkish official accounts.

8. The movement of private foreign funds through banking channels as well as international security transactions was negligible during February.

MS:sh
4/22/44

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By KG NARA Date 6/13/00

Box
RG 56
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File Cap Movements Summary
Box 39

July 17, 1944

Mr. White

Miss Schachter

Subject: International Capital Movements During May 1944

(1) Dollar payments to foreign accounts effected for the United States Government amounted to about $150,000,000 during May, which compares with a peak of over $200,000,000 reached in February.

(2) The net amount of foreign-owned gold held here was raised to $3.7 billion by the purchase and earmark of an additional $156 million of gold against dollars in May, $50,000,000 of which was for the account of the British Government.

(3) Gold released from earmark and exported during May totaled $67,000,000 of which $55 million was shipped to England.

(4) Official foreign funds fell by $65 million, reflecting the reduction of $69 million in official Canadian account caused by a cash payment of $125,000,000 for goods acquired through lend-lease.

(5) The decrease of $17 million in official Turkish account, and $10 million each for official Portuguese, Brazilian and Venezuelan accounts, reflected their purchases of gold.

(6) Official Spanish and British dollar funds rose by $12 million and $46 million respectively, the latter being largely influenced by U. S. wartime spending in the sterling area.

(7) Private foreign funds rose by $54 million, about half of the increase being reported opposite Canada, reflecting in part the dollar proceeds of sales of Canadian securities to American investors.

(8) International security transactions, during May, indicated a net outflow of long term capital of $11 million, affected predominantly by the transactions in Canadian issues.

MS:em 7-17-44

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

June 23, 1944

Mr. White

Miss Schaechter

Subject: International Capital Movements During April 1944

(1) For the first time since the beginning of 1942, there was a net outflow of foreign funds amounting to $9 million. This was due, largely, to the conversion of foreign-owned dollars into gold, as well as Canada's payment to the U.S. Treasurer of $160 million for the purchase of Lend-Lease goods, which was reflected in the decline of $88 million in Canadian official funds.

(2) Of the $164 million of gold purchased and earmarked for foreign account, $109 million was for England, $42 million for Latin America, $15 million for neutral Portugal, and $5 million for Switzerland.

(3) Of the $125 million of gold released from earmark and exported during April, $107 million was shipped to England.

(4) The decline by $71 million in official foreign funds was greatly influenced by the above-mentioned Canadian transaction as well as the reduction of $15 million in official British funds caused by her payments for newly acquired gold.

(5) Official Latin American funds, on the other hand, rose by $22 million.

(6) Private foreign funds rose by $63 million, nearly 50 percent of the increase being for Canadian accounts, and the remainder being scattered, chiefly among the United Kingdom, Cuba and India.

(7) The movement in international security transactions was in balance during April, the net purchase of $5 million long-term domestic securities being counter-balanced by some selling of foreign-held domestic stocks and foreign securities.

ESaer 6/23/44

228626

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Authority NND 778028
By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

March 9, 1945

Mr. Coe

Miss Schachter

Subject: International Capital Movement During December 1944

(1) Foreign acquisitions of gold in this country in December amounted to $64,000,000. Brazil, Argentina and Cuba made the largest purchases of gold against dollars, namely $15,000,000, $12,000,000, and $10,000,000 respectively. England acquired $21,000,000 of gold in reimbursement for gold sold against rupees for our account in India.

(2) The net amount of dollar funds, held in this market for foreign account, fell by $45 million during December, the movement being accounted for largely by a $42 million reduction in official foreign funds.

(3) Official French funds fell by $41 million, the result of a $50 million payment to the U. S. Treasurer for American Lend-Lease goods sent to civilians in French North and West Africa.

(4) There was an outflow of $32 million with respect to British India. This movement partly reflected (a) an increase in the New York Federal Reserve Bank's balances with the Reserve Bank of India arising from the purchase of rupees, and (b) dollar payments out of the account held in this market by the India Supply Mission.

(5) Sizeable increases in official foreign funds resulted from a payment by the U. S. Treasury of $20,000,000 to Algerian account, and a transfer of $14,000,000 from British account at the New York Federal Reserve Bank to the account of the Commonwealth Bank of Australia.

(6) Private foreign funds fell by $7 million, the largest change being a decrease of $23 million for Canadian account, partially representing year-end interest and dividend payments to American holders of Canadian securities. Another sizeable reduction in private funds was one of $7 million for French account, drawn for the purchase of long-term U. S. Treasury obligations.

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Division of Monetary Research

(7) International security transactions resulted in a net inflow of capital amounting to $3 million, foreign net purchases of $11 million of domestic bonds being largely offset by net sale in this market of Canadian securities.

MS:imc:3/9/45

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

January 25, 1945

Mr. White

Miss Schacter

SUBJECT International Capital Movement During November 1944

(1) Foreign held gold and dollar balances rose by $100 million during the month. Foreign banking funds in this country which increased $67,000,000 were partly offset by an outflow of $6,000,000 in securities transactions.

(2) Of the increased in banking funds, $45 million was for official foreign account, the largest single gain being one of $23 million for the British authorities, who received over $60 million of U. S. military expenditures. This receipt was partially offset by the transfer of $16 million to an account of the India Supply Mission which resulted in a rise of $10 million for India's official funds.

(3) Official Canadian funds rose by $15 million despite the payment of $17 million to the U. S. Treasury for goods acquired through Lend-Lease.

(4) Private short-term funds rose by $22 million, of which $5 million was for Cuban account, owing in part, perhaps, to the rescinding of the Cuban tax on funds held abroad.

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228629

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Authority NND 778028
By KG NARA Date 6/19/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

12/28/44

Mr. White

Miss Schacter

Subject: International Capital Movement During October, 1944.

1. October witnessed an inflow of $14 million of foreign funds to the New York Federal Reserve District despite the conversion into gold of $83 million of foreign dollar assets.

2. Short term dollar assets held for private account rose by $21 million, of which $14 million represented increases in L. A. funds, including $6 million and $3 million for Argentine and Brazilian accounts, respectively.

3. Official foreign funds fell by only $6 million during the month, despite the significant reduction in British official account of $73 million, reflecting large dollar payments to Australian and Canadian central bank accounts, plus the purchase of $50 million of gold.

4. Canada's official funds rose by $59 million, largely the result of unusual heavy payments to War Supplies, Ltd., and transfers from British account.

5. There were further increases in the short term assets of Venezuela, Norway, and the Philippine Islands by $8 million, $8 million and $5 million, respectively, the latter resulting from purchases of Philippine currency for the use of our armed forces.

6. International security transactions indicated a net outflow of only $2 million in long term capital during October, the largest movements including net Canadian sales of $7 million of domestic and foreign bonds.

MS:az:12/28/44

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Authority NND 778028
By KG NARA Date 6/13/00

Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

November 23, 1944

Mr. White

Miss Schachter

Subject: International Capital Movement During September, 1944

1. There was a net transfer of $97 million of gold to foreign account during September, extending to $1.9 billion the net sale of gold to abroad in the past two years.

2. The net capital movement between the Second Federal Reserve District and abroad during September indicated a net outflow of only $1.3 million. Larger governmental spending abroad—$66,000,000—covered a substantial part of the dollar balances converted into gold.

3. Official funds fell by $87 million during the month, the largest reduction being in the British account, which was drawn down by $96 million, reflecting the purchase and earmark of $50 million of gold against dollar exchange, and the transfer of $50 million from British to Canadian account in reimbursement for U. S. dollar outlays made by Canada in acquiring goods for U. K.

4. There was also a reduction of $17 million in the official account of Chile, mainly due to her acquisition of $20 million of gold against dollar exchange.

5. Official Canadian funds rose by $15 million, due chiefly to the above mentioned $50 million receipt from the British, and despite her purchase of $40 million of "long-term" U. S. Treasury notes.

6. Private foreign funds rose by $38 million during September, the largest increases being for the account of China, Canada and France.

7. International security transactions indicated a net capital inflow of $47 million during September which was accounted for primarily by the above-mentioned purchase of U. S. securities by the Canadian government in addition to a net amount of $13 million of Canadian securities purchased for Canadian account.

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Box
RG 56
Entry Accession no 56-75-101
File Cap Movements Summary
Box 39

December 17, 1945

Mr. Coe

Miss Schachter

Subject: Gold and Foreign Capital Movements During September 1945.

1. Net accumulations by foreign countries of gold and dollar exchange during September amounted to over $130 million, of which $116-million was in the form of increased dollar balances.

2. Official funds rose by only $22 million during the month, reflecting the following acquisitions:

(a) $69 million for the Belgian account, reflecting U.S. Treasury payment of $61 million on "net troop pay account," and Belgian acquisition of $18 million from the sale of gold previously held under earmark here.

(b) $32 million for the Canadian account, due to large transfers of funds from private accounts.

3. The above-mentioned dollar acquisitions for official accounts were largely offset by the decline in official British and French accounts of $66 million and $36 million, respectively.

4. Foreign private funds rose by $109 million during September, $46 million of which was for Philippine account, reflecting U.S. Government expenditures for our military forces in the Pacific area.

5. There were also significant rises in private Canadian, Chinese, and Brazilian accounts, while private British funds fell by about $6 million.

6. International security transactions resulted in an outflow of only $7 million.

7. Net gold exports totalled only $17 million during September, the largest acquisition being one of $27 million earmarked for Argentina. Belgium and Iran sold gold here to the amount of $18 million and $11 million, respectively.

HSmsh 12/17/45

228632

RG 56
Entry NCC-56-75-191
File Estimated World Gold & Dollar Resources
Box 39

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By KG NARA Date 6/13/00

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Estimated World Gold & Dollar Resources
Selected End-Years 1945-1955 and Mar. 31, 1956
(July 11, 1956

228633

Estimated World Gold and Dollar Resources,[1]
Selected End-Years 1945-1955 and March 31, 1956

(In billions of dollars)

	1945	1948	1949	1950	1951	1952	1953	1954	1955	Mar. 1956
Total, Foreign Countries[2]	20.6	15.4	15.8	19.9	19.8	21.2	23.7	25.7	27.4	28.1
Total, Western Europe (incl. dep.)	10.9	8.3	8.5	11.1	10.5	11.3	13.7	15.4	16.6	17.0
United Kingdom	2.7	2.3	2.1	3.8	3.1	2.6	3.4	3.5	3.0	3.2
Other Western Europe	8.2	6.0	6.3	7.3	7.5	8.7	10.4	11.9	13.6	13.8
Latin America	3.8	2.8	3.1	3.5	3.4	3.4	3.7	3.8	4.0	4.1
Asia and Oceania	2.7	2.2	2.1	2.4	2.8	3.0	3.0	2.9	3.3	3.4
Canada	1.7	1.3	1.5	2.1	2.3	2.6	2.5	2.7	2.6	2.7
All Other	1.5	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Total, Sterling Area	4.1	3.0	2.8	4.6	3.9	3.5	4.3	4.4	4.0	4.2
Total, International Institutions	--	3.5	3.3	3.3	3.4	3.5	3.6	3.9	4.0	4.0
United States Gold Holdings	20.1	24.4	24.6	22.8	22.9	23.3	22.1	21.8	21.8	21.8

1/ Data include U.S. Government bonds and notes except for 1945.
2/ Excluding international institutions and the U.S.S.R.

Note: Detail may not add to totals because of rounding.

July 11, 1956

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RG 56
Entry NC-56-75-101
File Estimated World Gold + Dollar Resources
Box 39

RG 56
Entry ACC-110 56-35-104
File Estimated Gold & Short-Term $ Resources
Box 39

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Estimated Gold & Short-Term $ Resources of the World as of Selected Dates, 1938-1951

UNCLASSIFIED

228635

RG 56
Entry ACC-NO 56-75-104
File Estimated Gold + Short-Term Resources 39
DECLASSIFIED
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TABLE ___. ESTIMATED GOLD AND SHORT-TERM DOLLAR RESOURCES OF THE WORLD AS OF SELECTED DATES, 19
(In millions of dollars)

Area	December 31, 1938			December 31, 1945			December 31, 1949			December 3	
	Total	Gold 1/	Short-term $ Balances2/	Total	Gold 1/	Short-term $ Balances2/	Total	Gold 1/	Short-term $ Balances2/	Total	Gold 1/
TOTAL, WORLD 3/.....	28,669	26,476	2,193	40,853	33,772	7,081	43,033	35,410	7,623	45,033	35,820
Total, Foreign Countries 3/.....	14,063	11,870	2,193	20,718	13,650	7,068	15,228	9,328	5,900	18,764	11,340
Total Europe (incl. DOT'S).....	11,285	9,995	1,290	11,355	8,386	2,969	8,496	5,847	2,649	10,508	7,484
UK & DOT'S.....	(	(	(	2,721	1,980	741	2,028	1,350	678	3,682	2,900
Other ERP Participants	(	(	(								
& DOT'S.....	(10,560	(9,300	(1,260	7,609	5,487	2,122	5,748	3,886	1,862	6,167	4,021
Other Europe 3/5/....	725	695	30	1,025	919	106	720	611	109	659	563
Sterling Area (excl. UK & DOT'S, Iceland, and Ireland) 6/.....	520	520	n.a.	1,337	1,262	75	662	532	130	743	603
Canada.....	425	190	235	1,726	361	1,365	1,365	496	869	1,988	590
Latin America 7/.....	965	710	255	3,781	2,768	1,013	3,055	1,654	1,401	3,454	1,868
Asia 7/.....	781	400	381	2,417	827	1,590	1,510	743	767	1,869	694
Other Countries and Adjustments 7/.....	87	55	32	102	46	56	140	56	84	202	101
International Institutions 8/.....	14	14	n.a.	52	39	13	3,242	1,519	1,723	3,450	1,661
United States Gold 9/....	14,592	14,592		20,083	20,083		24,563	24,563		22,819	22,819

(footnotes on following page)

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File Estimated Gold & Short-Term Resources 39
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938-1951

31, 1950	March 31, 1951 (p.)		
Short-term $ Balances2/	Total	Gold 1/	Short-term $ Balances
9,213	44,816	35,777	9,039
7,424	19,563	12,237	7,326
3,024	10,980	8,060	2,920
782 4/	4,120	3,375	745
2,146	6,232	4,142	2,090
96	628	543	85
140	742	612	130
1,398	1,940	618	1,322
1,586	3,727	2,110	1,617
1,175	1,937	716	1,221
101	237	121	116
1,789	3,327	1,614	1,713
	21,926	21,926	

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RG 56 Entry Acc-110 56-35-104 File Estimated Gold + Short-Term Resources 39
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p. Preliminary.

Not available.

1/ Official gold holdings: For countries whose holdings have not been published, available estimates have been used, or the figures previously published or estimated have been carried forward.

2/ Short-term dollar balances as reported by banks in the United States. Composed principally of deposits in banks in the United States and holdings of U.S. Government Treasury bills and certificates. Also includes holdings of U.S. Government securities with original maturity of more than one year but not more than twenty months. Data for 1938 were available in a less detailed breakdown than for later years and estimates have been made for some areas.

3/ Excludes gold holdings of the U.S.S.R. for which no estimate has been made.

4/ Includes for the first time certain short-term dollar balances which, though existing at lower levels in previous years, were not reported by banks in the United States until August 1950.

5/ Includes German holdings for 1938. Data for 1945 and later years include gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including European Recovery Program countries, in accordance with the Paris Reparations Agreement.

6/ United Kingdom and dependencies, Iceland and Ireland are shown under "Total Europe". The sterling area for the years 1938 and 1945 includes current member countries and excludes countries which were then but are no longer part of the sterling area. Data for short-term dollar balances in 1938, however, were not available in sufficient detail to provide a breakdown for the sterling area.

7/ Excludes sterling-area countries and dependencies of European countries.

8/ Includes holdings of the Bank for International Settlements, the International Monetary Fund, the International Bank for Reconstruction and Development, and other international organizations.

9/ As reported in the Daily Treasury Statement, plus the Stabilization Fund.

Source: U.S. Treasury Department and Board of Governors of the Federal Reserve System.

5/24/51