

PRESS REPORTS

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Lebanon - Gold Purchases

(Translation)

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Beyrouth - Damas (By cable from our special correspondent)

The Lebanese Government buys considerable amounts of gold on the free market.-Violations of the International Monetary Fund regulations. Beyrouth ("Agefi").

During a stormy debate in the Lebanese Chamber of Deputies, the Minister of Finance made important disclosures concerning the origin and conditions of gold purchases made by the Lebanese Government during the last six months, which were intended to strengthen the coverage of national currency.

After stating that the larger part of these purchases was made on the free market, the Minister admitted, that this practice was in contradiction with the International Monetary Fund regulations but that the Lebanese Government was forced to this step by the impossibility for such a small country as Lebanon to obtain by other means the gold necessary for the coverage of its currency on the one hand, and on the other hand by the urgent need of finding a remedy for the continuing contraction of the volume of fiduciary circulation and the resulting monetary crisis. Consequently, the Government was compelled to intervene in placing considerable amounts of money on the market and using them for the purchase of gold which was then available under very favorable terms.

This created a difficult situation in connection with the International Monetary Fund. The Minister added, however, that the Government has given the delegates of the International Monetary Fund all the necessary explanations and assurances on this subject.

Speaking of the nature and volume of the purchased gold the Lebanese Minister gave the following information:

From June 20, to December 31, 1949 Lebanon bought:

1.- 100,000 ounces of fine gold from the Federal Reserve Bank of the United States at the official price of 35 dollars per ounce. The total amount including expenses was 3,537,000 dollars, of which 469,000 were supplied by the Lebanese Foreign Exchange Office and the remainder, i.e., over three million dollars, was bought on the Beyrouth free market at a premium of 38 to 40% over the official rate.

2.- Gold ingots and coins as follows (price in Lebanese pounds):

A) Ingots: 6,195 Mexican pesos at the average uniform buying price of 182.617 i.e., 1,131,315.50; 8,879 Rotschild ingots at 275.778 each, i.e., 2,448,636; 882.8722 kilograms of fine gold in ingots at 4,364.66 per kilogram, i.e., 3,591,558.80. Total: 7,171,510.30.

B) Gold coins: 438,315 gold pounds sterling (kings) at 38.616 each, i.e., 16,926,002.10; 16,000 gold pounds sterling (queens) at 38.318 each, i.e., 613,100; 58,200 gold Turkish pounds at 31.60 each i.e., 1,838,922.75; 17,000 gold Iranian pounds at 34.27 each, i.e., 582,590. Total: 19,960,614.85.

Total ingots and gold coins: 27,132,125.15

Consequently, total Lebanese gold purchases amount to almost 38 million pounds, i.e., six billion and 80 million francs at the official rate.

The gold coverage of Lebanese currency which six months ago was only 2% was thus raised to 25.29%.