

**GORDON BROWN'S
UNTIMELY DECISION
TO SELL [UK GOLD RESERVES]
COST THE UK BILLIONS**

by

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Gordon Brown's decision to sell the bulk of the Bank of England's gold at historically low prices has cost the country \$10 billion (£6,260 million).

In what might be regarded as the definition of calling the bottom of the market, Mr Brown, who was then Chancellor, sold nearly 400 tonnes of the Bank's gold at an average price of \$275 an ounce. The sale raised about \$3.9 billion between 1999 and 2002 but had he sold the metal this year, he would have raised \$13.8 billion, based on an average price of \$978 an ounce.

With the Treasury frantically trying to cut spending and raise debt, the disposal of the UK's bullion a decade ago looks to be a misjudgement. The Conservatives have called it a "spectacular display of economic incompetence".

It is made even more galling by France's decision to hold on to its reserves and start selling only in the past couple of years. This year France sold 73.4 tonnes raising \$2.5 billion. That was on top of 113.5 tonnes sold last year at an average price of \$872, raising \$3.5 billion. The French have made 50 per cent more than Mr Brown by selling half as much gold.

The Bank of England holds 310.3 tonnes of gold, worth \$10.7 billion. Mr Brown's fire-sale means that the UK now ranks 16th in the world for gold reserves, according to the World Gold Council. It is between Venezuela at 15th and Lebanon at 17th.

At the time of Mr Brown's gold sale in 1999 there was speculation it was part of a plan to ensure that the UK was prepared for entry into the European Union's single currency.

Other central banks were also unhappy with the decision to sell as they had agreed to limit their collective sales to 500 tonnes a year.

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