

Press release

Alarming rise in gold imports from Dubai: significant risk of Russian gold entering Switzerland via intermediaries

Bern and Lausanne, 17 May 2022 - Swiss refiners have not been importing gold directly from Russia since February 2022 due to sanctions. At the same time, imports from the United Arab Emirates have exploded, raising fears that Russian gold may end up in Switzerland after passing through Dubai. SWISSAID fears that some of this gold is helping to finance the war and is calling for a strengthening of both Swiss legislation and international standards.

Russia is an important player in the gold market. It is the second largest producer in the world. The country produces more than 340 tonnes of the precious metal every year, which is worth around USD 20 billion. The war in Ukraine and international sanctions are having an impact on Swiss refineries, which have had to give up direct trade in gold from Russia. In March, the Federal Office for Customs and Border Security recorded a sharp increase in gold from Dubai to 36 tonnes, worth CHF 2.1 billion. This is the largest monthly import of the last six years.

Despite the sanctions, the risk of Russian gold being imported into Switzerland via the United Arab Emirates (UAE) is significant. Experts agree that China and the UAE are among the main export destinations for Russian gold. The UAE is known to be a hub for gold of dubious origin, and countries such as Venezuela and Libya have used it while under international sanctions. The war in Ukraine and its consequences highlight a problem that SWISSAID has repeatedly denounced: the lack of transparency regarding the origin of gold imported into Switzerland. Precious metals from dubious sources, which could be linked to armed conflicts, human rights violations, child labour and money laundering, regularly enter the country through intermediaries.

"The Swiss government and the refineries have a duty to ensure that Switzerland does not become a loophole for Russian gold transiting through Dubai," says Marc Ummel, SWISSAID's Head of Commodities. SWISSAID is calling for Swiss legislation on precious metals control to follow the guidelines of the Organisation for Economic Co-operation and Development (OECD), which require the industry to monitor the entire supply chain. It also calls for more controls by international standards such as the London Bullion Market Association (LBMA). Some Swiss refineries still take the risk of sourcing gold from the UAE when it is very difficult to trace its origin, an attitude that SWISSAID considers irresponsible.

Switzerland must be consistent: it cannot enforce international sanctions against Russia on the one hand and turn a blind eye to the origin of imported gold on the other. Swiss refiners must be obliged to declare the real origin of gold that passes through intermediate countries.

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Switzerland has five refineries that are members of the LBMA's international standard. When contacted by SWISSAID, MKS PAMP, Metalor, Argor Heraeus and PX Précinox replied that they

had not imported any gold from the UAE in March 2022. Some of them have long refused to import gold from Dubai due to the lack of traceability and the associated risks. Industry leader Valcambi says it imported gold from the UAE in March 2022, but that it complied with the guidelines and sanctions.

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