

VI. G. Quadripartite ~~Agreement~~ Conference in Washington
May - June 1949

FOOTNOTE 330

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OFFICIAL REPORT OF THE U.S. DELEGATION TO THE CONFERENCE
REGARDING THE SWISS-ALLIED ACCORD AT WASHINGTON, D. C.
MAY 10, 1949 to JUNE 10, 1949

1. BACKGROUND:

On December 31, 1948 the Swiss Minister at Washington suggested to Assistant Secretary of State Willard L. Thorp that a Four Power Conference be held among the Governments of France, Great Britain, the United States and Switzerland for the purpose of discussing and eliminating, if possible, all issues which have arisen to prevent or render difficult the implementation of the Swiss-Allied Accord concerned with the disposition of German assets.

A conference was convened at the Department of State at Washington on May 10, 1949 for the above-described purpose.

2. AGENDA:

I. It became apparent at the conference that the following issues were paramount within the technical aspects of the agreement:

A. The establishment of a rate of exchange between the Swiss franc and the German Mark for the purpose of calculating the counter value in German currency of assets to be liquidated in Switzerland.

B. Disposition of German assets in Switzerland owned from the Soviet Zone of Germany.

C. Disposition of assets in Switzerland, concerning which there are intercustodial conflicts.

D. Eighteen minor issues which require consideration:

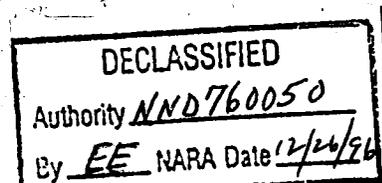
1. Disposition of ^{the} German property in Switzerland known as "Tagermoos".

2. Disposition of property in Switzerland belonging to Germans residing in the Enclave of Busingen.

3. Disposition of certain electric power plants situated on the Rhine frontier.

4. Disposition of certain German sanatoria in

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Switzerland.

5. Disposition of certain property belonging to Sudeten Germans.
 6. Disposition of the Joint Export-Import Agency List of Undesirable Consignees.
 7. Disposition of certain patents.
 8. Disposition of certain trademarks.
 9. Determination of length of stay in Germany of a German national to qualify him as a "German in Germany" within the terms of the Accord.
 10. Consideration of property wherein there was a change in ownership from a German national to a national of another country.
 11. Consideration of property wherein the nationality of the owner changed.
 12. Consideration of property falling within the Swiss-German Clearing Agreement.
 13. Definition of repatriation as it is used in the Accord.
 14. Determination of property of Germans who were domiciled pre-war in Switzerland and who performed military service in Germany, then returned to Switzerland.
 15. Disposition of property of women of Swiss nationality by naturalization who were married to Germans in Germany.
 16. Consideration of the question of offsets in Germany of Reichsmarks indebtedness of Swiss repatriates.
 17. Interpretation of Article IV B of the Annex to the Accord.
 18. Consideration of the question of dual nationality.
- II. In addition to the above, certain other issues, as for example, the question of property of persecutees of the Nazi regime and delivery of Swiss francs to the International

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Delegations. These items would have been introduced for discussion at the Four Power Conference if agreement had been reached on the paramount issues necessary to effect implementation of the Accord.

3. PARTICIPATION:

Delegations of the four countries attended the conference. There were no observers.

4. DELEGATIONS:

A. United States:

Chairman: Mr. Willard L. Thorp, Assistant Secretary of State.

Advisers: Mr. Covey T. Oliver, Division of Economic Property Policy
Mr. Nat B. King, American Legation, Bern
Mr. R. Burr Smith, Division of Economic Property Policy

Mr. Edwin M. Adams, Division of Economic

Mr. Henry Kocher, Assistant Secretary, Economic Affairs
Mr. G. McMurtrie Godley, Division of

Western European Affairs

Mr. Ely Maurer, Office of the Legal Adviser,

Mr. Donald Sham, Office of Alien Property, Department of Justice

B. France:

Chairman: Mr. Francois de Panafieu

Advisers: Mr. Marcel Vaidie

Mr. Christian de Margerie

Mr. Gilles de Boisgelin.

C. Switzerland:

Chairman: Minister Walter Stucki

Advisers: Mr. Max Ott

Mr. Rudolph Pfenninger

Mr. Raymond Jeanpretre

Mr. Hans Lacher

Mr.

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Mr. Olivier Long

Mr. Guy de Rham

D 4. United Kingdom:

Chairman: Mr. J. H. Penson

Advisers: Mr. R. C. R. Goodchild

Mr. H. J. Legg.

5. The Conference headquarters were at the Department of State, Washington, D. C.

6. Languages:

The official languages of the conference were English and French. Interpreters and translators were provided by the U.S. Delegation.

7. Policy with regard to the press:

It was agreed among the Four Delegations that ^{no communications would be made to the} Press ^{to the} ~~(Conference would not be held)~~ until the end of the conference, at which time each delegation would release information to the press simultaneously.

8. Work of the committees:

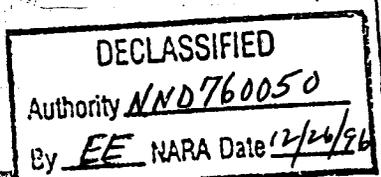
There was a Drafting Committee which submitted draft wording on various agreements of the plenary conference and a Committee of Experts which discussed certain specific problems referred to it by the plenary conference. The reports of the Drafting Committee and the Committee of Experts were accepted at the fifteenth and final Plenary Session.

9. Entertainment and Official Functions:

Cocktail parties were given by the French, Swiss and U.S. Delegations. A luncheon was given by the French Delegation. Private luncheons were occasionally held among the four chief delegates.

10. The closing plenary session:

The closing plenary session agreed upon a Press Release for the Four Delegations, approved the Records of Decision Minutes, approved the Drafting Committee's Report, and the

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Report of the Committee of Experts, and formally closed the Conference.

11. CONCLUSIONS:

All items of the agenda were covered, and determination of action to be taken forthwith by certain governments was made. Agreement was reached on most of the eighteen minor issues mentioned in 2 above, pending final agreement on the three basic issues described in 2 above.

The fact was well known to all interested governments that the main obstacle to the Accord during the past three years has been the question of the rate of exchange for calculating the counter-value in German currency of the assets to be liquidated in Switzerland. Over the past several years there have been many exchanges of notes between the Government of Switzerland on the one hand and the Three Allied Governments on the other concerning this matter. The Allies have always maintained and still maintain that the establishment of a rate of exchange is not a prerequisite to liquidation of the assets under the Accord. However, in order to meet the point of view of the Swiss Government on this question, and in the interest of securing early implementation of the Accord on a basis satisfactory to all concerned, the Allies, during the recent negotiations, suggested three possible solutions which are classified material.

The Swiss Government rejected the first two proposals. It was learned, however, that the third proposal, with some amplification, might be accepted by the Swiss, in conjunction with a settlement of the intercustodial problem.

At the conference the Allied Delegations made three proposals regarding the assets in Switzerland owned by Germans

now resident...

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Germans now resident in the Eastern Zone of Germany. These three proposals are also classified. The Swiss Delegation refused to accept the Allied proposals, and the Allies have stated that they would be willing to give further consideration to practical proposals which would take into account the ability or willingness of individual owners in Germany concerned to receive compensation in the Western Zones of Germany.

Regarding the intercustodial problem, the Swiss Delegation at the recent conference sought to find a single solution to the question on the basis of a multilateral agreement among the governments represented at the conference - this agreement to be binding upon all member governments of the Inter-Allied Reparation Agency. The Allied Delegations rejected the Swiss proposal and stated that solution of cases subject to intercustodial conflict is not covered in the Accord. The Allied Delegations stated that they were strongly of the opinion that no justification can be found either in the letter or the spirit of the Accord for the Swiss asserting that settlement of the cases in which intercustodial conflict exists is a condition precedent to proceeding with the liquidation of German assets not involved in any inter-custodial conflict. The Allied Delegations, *sub also of hand* of course, were influenced by the unanimously adopted resolution of the assembly of the Inter-Allied Reparation Agency on January 14, 1949 concerning the relationship of the Swiss-Allied Accord to property within member countries of the Inter-Allied Reparation Agency. This resolution was presented to the Swiss Delegation at the conference for the purpose of enlightening *suggestion* the Allied proposals. Thereupon the Allied Delegations took the viewpoint that only bilateral negotiations can provide an equitable and satisfactory solution to this problem.

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willingness to discuss the matter on a bilateral basis with the Swiss Government.

Since the Swiss Delegation was unable to accept the Allied viewpoint on the first two basic issues, and refused to agree that the intercustodial issues are not within the scope of the Accord, it was agreed among the Four Powers that the present conference should recess until September, at which time it will reconvene probably at Bern, Switzerland. In the meantime, bilateral negotiations regarding the intercustodial question are proceeding between the Swiss and United States Governments and may be initiated by Switzerland with other Allied Governments in the near future.

From the standpoint of the government of the people of the United States, the potential benefits to be derived by the accomplishments of the conference are extensive. Economic security against the improper use of German assets in neutral countries of Europe may be fortified, and large financial resources may accrue to the United States and other countries which are members of the Inter-Allied Reparation Agency. Final determination of such factors, however, must await the conference which is anticipated among the Four Powers in Switzerland during the fall of 1949.

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