

DECLASSIFIED
Authority NND 760250
By SP12 NARA Date 2/4/97

VII A-8/1

CONFIDENTIAL
SECURITY INFORMATION
(Security Classification)

DO NOT TYPE IN THIS SPACE
262.0041/7-1453
XR 262.5841

~~AIR POUCH~~
PRIORITY

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, Stockholm ⁴⁸
TO : THE DEPARTMENT OF STATE, WASHINGTON. ^{DATE} July 14, 1953
REF : Department's A-2142 to Bonn, June 25, 1953, copy to Stockholm
JUL 20 PM 3 42

42	ACTION	DEPT.	
For Dept.	EUR	I	REP GER OLI E L
Use Only	REF'D	DEPARTMENT OF STATE	
VP	JULY 17	O	MSA TR

SUBJECT: Possible Package Settlement with Sweden on outstanding Washington Accord Issues

An official of the Embassy has recently explored informally with the Foreign Office the possibility of a general Allied-Swedish settlement of outstanding Washington Accord issues. The Swedes were told that the Allies, because the problems raised by the Swedish memorandum of April 23, 1953, were those to which Sweden attached importance and because there existed other Washington Accord questions, not mentioned by the Swedish memorandum, to which the Allies attached importance, were inclined to consider the possibility of a general settlement with Sweden on all outstanding Washington Accord problems. In particular, the Allies might wish to include in any such settlement the problem of the Kr. 7 million originally allocated Belgium-Luxembourg and the looted gold question.

The Foreign Office indicated that an overall settlement had also been considered by Sweden and that, under the proper conditions, Sweden might be interested. After further discussion, however, it developed that Sweden considered Allied accommodation on the question of the 150 million as vital to any such settlement and that, furthermore, a practical settlement on this question as well as on the looted gold problem might be impeded by the Foreign Minister's personal emphasis on "matters of principle" and international law. The Swedes would not consider a general settlement which involved merely Allied agreement to a continuation of the German-Swedish negotiations and striking the resale limitation in the Washington Accord in consideration of a more conciliatory Swedish attitude on the Belgian 7 million and looted gold question. In the Swedish view, such a settlement would be unequal.

The Foreign Office stressed again the great importance Sweden attaches to the matter of the Kr. 150 million. Allied action in including this sum among their postwar claims against Germany violated in the Swedish view, the basis of the Washington Accord. Sweden only agreed to contribute the Kr. 125 million (50 million to IRO and 75 to IARA countries) on the condition that the Kr. 150 million given Germany would be considered German property and not as reparations.

RNBee/ee
REPORTER

CONFIDENTIAL
SECURITY INFORMATION

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

R6 59 B

This Document Must Be Returned to
262.0041/7-1453
CONFIDENTIAL FILE

SEP 21 1953
FILED
EAF

DECLASSIFIED

Authority NND 760250By WV NARA Date 2/4/82

VII A-6/2

_____ of
 ep. No. 48
 From Stockholm

CONFIDENTIAL
 SECURITY INFORMATION
 (Classification)

Page _____ of
 Encl. No. _____
 Desp. No. _____
 From _____

In addition, the fact that Germany must pay the Allies on account of this sum tended to compromise the German obligation to compensate the former owners of property liquidated in Sweden. The Foreign Office, therefore, would not wish to consider an overall settlement unless the Allies were prepared to accommodate the Swedes on the question of the 150 million. Sweden might be prepared, as was vaguely hinted, to pursue the question further if not satisfied with the Allied reply.

In summary, the Foreign Office official thought that Sweden's objectives were as follows:

- a. A general, once-and-for-all, settlement with Germany on external assets;
- b. Adequate compensation to former owners of German property in Sweden;
- c. Relief from the Lastenausgleich levy; and
- d. Adherence to the basic principles of the Washington Accord.

For the Ambassador:



Robert N. Bee
 U. S. Treasury Representative

cc to HICOG, Bonn
 AmEmbassy, Brussels

CONFIDENTIAL
 SECURITY INFORMATION

RG 59 Box 1002