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of the D.O.F.S.  
NN3-S9-96-74.  
LOT 70D 516.  
BOX 14.

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14 APR 1954

ME - Mr. Peterson

April 2, 1954

MN - O. F. Fletcher

Recovery from Third Countries of Looted Monetary Gold.

In compliance with your request there is attached a short summary on our looted gold recovery program. I shall be glad to give you additional information if you so desire.

Attachment.

cc: GEA - Mr. George W. Baker  
RA - Mr. Whitman  
L/E - Mr. Maurer

CFD:JAN:MCF:fletcher:faw

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RECOVERY FROM THIRD COUNTRIES OF LOOTED MONETARY GOLD

On the basis of British and US economic intelligence an analysis of Germany's gold operations during the war indicated that Germany which before the Anschluss had a gold reserve of not more than \$100,000,000 which she had spent by early 1943. Her gold payments for strategic imports from third countries amounted to about \$350,000,000 after that date. This gold was looted from occupied countries.

This motivated the US Government to initiate a number of public statements, e. g. the United Nations Declaration of January 5, 1943, Bretton Woods Resolution VI of July, 1944 and the Gold Declaration of February 22, 1944. Under these declarations and the Paris Reparation Agreement of January 14, 1946 this Government in conjunction with the British and French Governments is committed to the execution of a program aimed at the recovery of the gold looted by Germany and transferred to third countries.

~~\$ 257,000,000~~  
The Reichsbank gold found in Germany and other monetary gold seized in the Tripartite zones of occupation in Germany and in former German embassies in Tokyo, Lisbon and Madrid has already been turned over to the pool in accordance with the provisions of the Paris Reparation Act.

In addition we have succeeded so far in reaching agreements which have led to the return and delivery to the gold pool of about \$60,000,000 worth of gold from Switzerland, about \$8,000,000 from Sweden, about \$20,000,000 from Romania, \$100,000 from Spain and \$3,000,000 from the Bank of International Settlement.

Pending

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Pending are settlements with Portugal and Turkey where we have identified \$43,000,000 and \$3,500,000 worth of gold respectively. There is also to be settled the question of German legation gold in Bern and Stockholm. The German legation gold in Ankara has been included in the settlement proposal presently being made to the Turks. With respect to Portugal, notes by the three Governments have been handed to the Portuguese Foreign Office suggesting a submission to arbitration of the looted gold issue. The three Governments are prepared, however, to settle for 5-8 million dollars if the Portuguese finally so propose. The British Ambassador is to see the Portuguese Foreign Minister shortly and to receive the reply of the Portuguese Government. In Ankara negotiations are going on at present between representatives of the three Governments and the Turkish Foreign Office to settle the issue of looted gold by payment of \$1,000,000 worth of gold in which case any claims to German external assets would be waived. We have also advanced on the basis of an open end clause in our Accord with Sweden a claim to additional looted gold in possession of the Swedish Central Bank which could be identified only after the conclusion of the Swedish Accord.

The gold in the pool is being redistributed among the claimant governments which can establish their claims on a pro rata basis by the Tripartite Gold Commission in Brussels. When this program is completed almost 60% of the \$600,000,000 monetary gold which the Germans looted from eleven countries, will be restored to them by the Tripartite powers in the biggest operation of this kind in history. About \$260,000,000 worth of gold has been distributed in the past years in form of advance payments.

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payments. This helped to fill the gap before the beginning of the Marshall plan operations.

We are hopeful that a settlement can be reached with Turkey and that Sweden will turn over the relatively small amount of additional gold identified as looted. Portugal we are afraid will remain unwilling to make an acceptable offer or to submit to arbitration. In that case we are resolved to discharge any further obligation to report to the claimant governments the negative outcome of our negotiations with Portugal (and with Turkey as the case may be) leaving it up to those countries whose gold has been identified there to go after <sup>it</sup> themselves.

As to the impact on future German obligations of the looted gold issue the provisions of Para. B, Section III of the Paris Reparation Act should be remembered which reads: "Without prejudice to claims by way of reparation for unrestored gold, the portion of monetary gold thus accruing to each country participating in the pool shall be accepted by that country in full satisfaction of all claims against Germany for restitution of monetary gold."

OPD:MM:OFF:letcher:fw

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