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DATE March 5, 1948

REC'D Mar. 5, 1948

2:28 PM

Secretary of State
Washington

DECLASSIFIED
Authority NND 812006
By SV NARA Date 12/2

A-560

Subject: Arrangements for monetary gold
of illegal issuance held by BIS

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ACTION OMD
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A representative of the French Embassy asked this Embassy yesterday whether the United States Government was preparing to reply to the two suggestions raised by the French Embassy in a letter to this Embassy dated April 9, 1947 and forwarded under transmitting despatch No. 463 of April 22, 1947 to the Department, copies of which were sent to Paris, Brussels and Moscow for SecDel Reinstein.

It will be noted from the despatch that the French Government made two suggestions:

- (a) that the three Governments make, with as little delay as possible, a joint approach to the BIS to request the restitution of gold of illegal issuance, acquisition of which by the BIS has now been determined.
- (b) that as far as the gold of Belgian origin is concerned, the verification (results of which are set forth in the Report of June 14, 1946 - Enclosure No. 5 to Calvet's letter) shall be held to be conclusive and that, consequently, the figures given in this Report shall be accepted by the three Governments.

The French Embassy explained that consideration as soon as possible of their letter of April 9, 1947 would be greatly appreciated, partly since the questions covered therein are associated with the French Government's desire for security reasons, to move the so-called "Constance" gold from that town to a bank in Strassburg.

The British Treasury had received in April of last year a communication from the French Embassy similar to that received by this Embassy and transmitted to Washington

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under despatch No. 463, but to date has not replied to it. It is understood that the French Embassy has, therefore, also raised this matter with the British Treasury.

After discussing this problem with Mr. David Maitland at the British Treasury, the Embassy suggests that the Department may wish to consider instructing the United States Minister Delegate, Inter-Allied Reparation Agency, Brussels, to consult with his British and French colleagues. Acting directly for their Governments and independently of either the Agency or the Tripartite Commission, the U. S. Minister Delegate and his British and French colleagues might wish to discuss whether they should recommend to their Governments that a joint approach be made to the Bank of International Settlements to request the restitution of gold of illegal issuance and that their Governments accept the verification of gold of Belgian origin made by the Bank of France, as reported in the letter from the French Embassy of April 9, 1947. The Embassy understands that the British Treasury would be quite willing to have their representative at IAR, Sir Desmond Morton, consult in a similar manner for the United Kingdom Government.

DOUGLAS

Copies to Paris and Brussels.

FPBartlett/mw

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