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Authority NWD 765029

By BK NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4~~CONFIDENTIAL~~851.51 (a) (10)
✓MEMORANDUM FOR THE AMBASSADOR

July 1, 1947

SUBJECT: German Assets Program

After a conversation with George Baker this morning and a review of the position of our discussions and possible negotiations with the Turks on the subject of German assets, it would appear that there may be a considerable period of inactivity in Turkey insofar as actual discussions and negotiations of an orderly character are concerned.

George now is considering the idea of returning to the United States by the end of July, if our further preliminary operations are completed in time. He suggests that he and McCombe complete their studies of clearing accounts, gold and any other information which they acquire prior to the presentation by the three embassies of a specific basis for negotiation. He feels that this part of the program can be completed within a week or ten days, by which time Washington, Paris and London should have given us their reaction to the draft Accord which we have sent them.

George and McCombe could then draw up a proposed Accord with the particulars of assets and gold inserted. This could be sent to the Turkish Foreign Office by the three embassies and George, enroute to the United States could stop at Geneva and discuss its details with Zorlu. Before leaving Turkey, however, he could go into some discussion with Zorlu's assistant who would be in a position to inform the Minister of Foreign Affairs as to its basis and in other ways advise him.

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The question would then arise as to the further status of Bob Donhauser. I understand that as of the beginning of the fiscal year, he is to be assigned to Ankara as a staff officer. This act was to permit him to carry out studies and render such assistance as is necessary in connection with German Asset negotiations and to render assistance to the Turkish Government after an agreement has been reached as may be necessary. In some countries, the continuing program of assistance is expected to extend for one or two years. In Turkey there is no indication that this situation will exist. However, much will depend upon the Turkish Government's reaction to our proposed statement of Accord. If the Turks resist the principles involved, negotiations may be long and involved and in that case would require Donhauser's presence for some time. On the other hand, the objections may revolve around the amount of German assets we request them to donate. In that instance, Donhauser's services will be required in connection with a further assessment of German assets and claims.

The situation is so uncertain that it is impossible to anticipate the exact time his services will be required. He has discussed the matter with me with a viewpoint to having his wife join him in Turkey and it now appears that he will request that she be sent and that he will operate on a temporary basis -- probably four to six months and if his services are no longer required here, he will then be moved to some other post.

In connection with his assignment to Ankara, the question of his status has arisen. Both he and George Baker feel that, in order to carry out conversations and discussions with appropriate Turkish government officials, he should have such status as is necessary to permit him to carry out his duties. Both

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348001

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thought that some diplomatic status would be necessary, possibly an assignment as "Attaché". I pointed out that arrangements would be made to carry on his duties without difficulty, although I could not state exactly what the title would be. If there is no objection to his assignment to Ankara for the purposes described, and to his assignment as Attaché, I believe that George Baker should be informed in order that he may advise the Department promptly.

It is quite likely that there will be long periods of time during which the Turkish Government will be considering our proposals and during which there will be little German asset work to be done. During those intervals, I propose to let Bob Donhauser do certain work falling in the sphere of this office. He has expressed an interest along those lines and will be very happy to operate under those conditions.

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Subject: Conversations on German Assets, July 2, 1947

Participants: M. Bulent Usakligil, Director General, Third Department
 M. Serter Sayare, Representative of the Central Bank
 M. Melih Akbil, Representative of the Central Bank
 M. Satfet Anal
 M. Barcier
 Messrs. McCombe
 Baker
 Donhauser

Mr. Usakligil opened the meeting by requesting Mr. Sayare, representative of the Central Bank, to explain the Turkish-German clearing account. Mr. Sayare explained that there are three separate accounts in the clearing. The first is known as Account A and the money therein results from the agreement concluded between Germany and Turkey on April 18, 1943. At that time two accounts were opened: one in the Central Bank of Turkey for imports into Turkey; one in the Deutscheverrechnungskasse in Germany for imports into Germany. At the rupture of commercial relations between Turkey and Germany on August 2, 1944, there was a total of 10,773,600 LT in favor of Germany in this account.

The second account is a non-commercial account, not transferable through the clearing and separate from Account A. It represents funds frozen in both countries after the rupture of commercial relations. As of August 2, 1944 the account totalled 98,367 LT in favor of Germany.

The third account is a "collective account" and a continuation of Account A. Mr. Sayare explained that Account A was closed immediately after the rupture of relations between Turkey and Germany, and this account was established for purchases en route to Turkey which had not arrived by August 1944. The last payments into this account were made approximately five months after August 2, and no payments were made subsequent to the declaration of war. Presently the account amounts to 5,926,900 LT in Germany's favor. Thus the total of the three accounts is 16,793,867 LT in favor of Germany.

Mr. Usakligil pointed out that during the last months of the clearing operation, no accounts were exchanged with Germany, so that there may be small discrepancies probably in favor of Turkey. Moreover, the Central Bank does not know whether payments made were for persons only of German nationality. Mr. McCombe inquired whether the agreement of 1943 stated that Germany would act as the agent for countries under its control, such as The Netherlands, Czechoslovakia, etc. Mr. Usakligil replied in the negative, but added that the Central Bank had no way of ascertaining whether any of the amounts belonged to citizens of neutral countries in Germany. To Mr. McCombe's inquiry whether these neutrals had submitted any claims, Mr. Usakligil replied that he does not know. Mr. Sayare explained that to make payment in Germany to a German exporter, the Verrechnungskasse had to await an order from the Central Bank in Turkey. In the same way, if the Central Bank did not specify the neutral citizen for payment, he would not receive his money.

Mr. Usakligil..

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348003

DECLASSIFIED

Authority NND 765029
B, BM NAPA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
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- 2 -

Mr. Usakligil stated that there is a possibility also of Turkish citizens engaged in trade in Germany, who have not received payment and thus have valid claims against the German Government. Mr. McCombe replied that this question had been raised with Mr. Zorlu, who knew of no claims of this type. He added that if these Turkish citizens have been silent for two years, there is little likelihood of their presenting claims at some future date. Mr. Usakligil agreed, but suggested that they already may have come to the Government without his knowledge.

Mr. Baker stated that Mr. Zorlu had given the Allied representatives a figure of 110,637,723 LT representing Turkish claims resulting directly from hostilities and at the same time assured them that there would be no duplication of these claims in the clearing account. He inquired whether this is Mr. Usakligil's opinion also. The latter replied in the affirmative and added that he thinks the figures Mr. Sayare has mentioned can be taken as fairly definite.

Mr. Sayare stated that in connection with the agreement of 1943 between Germany and Turkey, importations were made by private institutions and persons, and Government offices and departments. When the importation was made the Central Bank took a letter of obligation from the importer which obligated the importer to pay his debts by a certain date. If the debts were not paid, the Government took measures necessary to effect payment. Letters of obligation taken from individuals amount to 1,226,934 LT, while letters of obligation from government institutions amount to 3,598,480 LT, giving a total of 4,825,414 LT. In this amount, however, there may be some cross-claims. Mr. Sayare estimated that approximately 90% of the government credits have been paid. He stated that he did not know whether these payments are reflected in Account A.

He continued by stating that Article 10 in the agreement of 1943 gave authority to purchasers of both countries to make advance payments to the exporters of both countries. Advance payments made to Turkey by Germany amounted to 7,539,000 LT; advance payments to Germany by Turkey, however, amount to 18,636,529. Thus the total accounting may be given as follows:

10,773,600	LT	in favor of Germany
93,367	"	"
5,926,900	"	"
1,226,934	"	"
3,598,480	"	"
<u>7,539,000</u>	"	"

TOTAL: 29,158,281 LT in favor of Germany

In favor of Turkey: 18,636,529 LT

The difference between the two amounts leaves a balance of LT 10,521,752 in favor of Germany.

Mr. McCombe

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348004

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By BYM NARA Date 7/26

RG 84

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File 851.51

Box 4

- 3 -

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Mr. McCombe inquired whether the Turkish representatives are certain that the exporters whose claims appear in the 18,636,529 figure have not also advanced claims which are included in the 110,637,723 figure given by Mr. Zorlu. Thus the clearing office appears on behalf of all claimants and presents its claim; at the same time the individual comes with his private claims not realizing that the clearing office has already submitted the identical claim. Mr. Usakligil replied that this matter must be checked and that the claimant may have submitted a claim to the Finance Minister without knowing that the Central Bank will provide payment. Categories 4, 5, and 6 representing claims by banks, offices and societies and merchants in Mr. Zorlu's statement, (see attachment - Minutes of meeting June 23) may be included in the 18 million figure of advances made by Turkey. He added that there are small accounts, representing funds blocked in both countries, which balance one another, and are not of sufficient value to be included in any estimate of the clearing. Mr. Usakligil concluded that in his personal opinion there is a figure from eight and a half to ten and a half million lira in favor of Germany in the clearing. This would account for minor discrepancies, duplicated claims, etc. which may be discovered at a later date.

Mr. Usakligil then stated that according to the 1945 agreement, German holders of railroad shares were paid through the German clearing. After the rupture of relations, however, no further payments were made, but a separate blocked account was established in the Central Bank in favor of the German owners. The account, which is up-to-date, amounts to 886,000 L.I. However, according to the law, coupons will have to be presented by the German owners for payment, and if the coupons are lost or if they are not submitted within five years of due date, the amount represented will be in Turkey's favor. To Mr. Baker's question of whether the capital value of the bonds was known, Mr. Usakligil replied in the negative.

Mr. McCombe stated that he would appreciate any information Mr. Usakligil can obtain regarding the blocked account of the Krupp bonds. He stated that the payments fell due after 1944 and were actually made by the Swiss who were acting for the Germans between 1944 and 1945. It is his understanding that the payment went into the clearing. Mr. Usakligil expressed his surprise in regard to this transaction and requested a further explanation. Mr. McCombe answered that to his knowledge the payment consisted of coupons of certain treasury bonds issued by the Treasury on behalf of the Ministry of Defense as the result of a transaction between the Ministry of Defense and a consortium of German armament manufacturers, the principal member of which was the Krupp firm. Moreover, coupons were found among the possessions of the German Embassy. The Swiss Minister, acting on behalf of the Germans, presented the bonds or the coupons (he is not certain which) to the Central Bank and at the same time received a discharge and undertaking from the Central Bank that the funds would be paid into a blocked account. Some 50 million Turkish lira represented the whole program. Mr. Usakligil stated that the amount has nothing to do with the clearing; that it is not reflected in any of the figures he has given, and that it is presumably a transaction of the Ministry of Finance, of which the Central Bank has no knowledge. He will, however, check into the matter.

Mr. McCombe

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348005

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BY BK44 NARA Date 7/26

RG 84

Entry Turkey Ankara
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File 851.51

Box 4

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- 4 -

Mr. McCombe then asked whether any progress has been made on arranging a meeting for the Allied representatives with a representative of the Central Bank to discuss gold. After considerable conversation with his Turkish colleagues, Mr. Usakligil replied that it is not possible to hold such a meeting. He said that the Turkish Government will, however, consider any information which the Allies might wish to give indicating that Turkey might have looted gold. Mr. Baker replied that, in his opinion, this is not a proper approach to the question. He pointed out that Turkey had stated her adherence to the principle of restitution of looted gold in September, 1946, when she was admitted to the International Bank and Monetary Fund. Thus the Allied representatives are not raising any question of principle. There remains the question of fact -- namely, did Germany dispose of any looted gold in Turkey? The answer to this question can be found in only two ways: (1) The records of the Reichsbank are shipped to Turkey and then compared, page by page, with Turkish holdings of gold. This, however, is physically impossible; (2) The Turkish Government gives us a description of her gold acquisitions from Germany from 1940 to February 1944. This data can then be compared with the Reichsbank records and consultation may be held with the Turkish Government on any items which appear questionable. He added that he is most reluctant to return to his Ambassador at this point and state that the Turkish representatives have refused to discuss the entire question.

Mr. Usakligil asked what sort of information Mr. Baker desired. Mr. Baker gave him a statement as follows:

"Acquisitions of gold by Turkey from Germany, 1940 to February 1944."

- (1) Date of acquisition
- (2) Bar numbers or other identification
- (3) Weight of Consignment
- (4) Fineness

Mr. Usakligil stated that he is not in a position to compel the Bank to give this information, and must consider the matter. Mr. Baker and Mr. McCombe emphasized that the Allies are not attempting to obtain confidential information concerning Turkey's gold position, but rather are asking for information of the type which they have requested and received from every nation in the world which purchased any gold from Germany during the war years.

The meeting adjourned at 1:00 p.m. with the understanding that Mr. Usakligil would take the Allies representatives request under consideration and inform them within the next few days whether the requested information will be given to them.

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No.

Ankara, July 9, 1947.

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Turkey, and has the honor to refer to the Embassy's note of March 27, 1946, to the Ministry's reply in its note of September 23, 1946, and to the Embassy's note of April 18, 1947.

As a result of conversations which have taken place between representatives of the Government of Turkey on the one hand and the Governments of the United States of America, the United Kingdom, and France (hereinafter referred to as "the three Governments") on the other hand, it appears that an understanding can now be reached by the four Governments in reaffirmation of the principles of restitution of looted property and of the elimination of future threats to world peace and security by the

liquidation ...

The Ministry of Foreign Affairs,

Ankara.

348007

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Authority NND 765029

By BKA NARA Date 7/26

RG 84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

-2-

liquidation of German property in Turkey. It also appears that further conversations will be needed in connection with the question of the disposal of the proceeds of liquidation. Accordingly, the Government of the United States of America requests the agreement of the Government of Turkey to the following:

I.

The Government of Turkey will publicly announce its adherence to the Inter-Allied Declaration on Axis Acts of Dispossession of January 5, 1943, to the Gold Declaration of February 22, 1944, and to Bretton Woods Resolution VI. Simultaneously with the public announcement, the Government of Turkey will take the following measures:

(A) Ensure that the victims of German spoliation shall obtain the free restitution of their property found in Turkey in whatever ownership and whether acquired in good or bad faith.

(B) Effect restitution to the three

Governments ...

348008

DECLASSIFIED

Authority NMD 765029
By PKM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-3-

Governments, for the account of those countries occupied by Germany during the war who were despoiled of monetary gold, or the equivalent of 3,047.32 kilograms of fine gold, owned by the Bank of Belgium and looted by Germany, and of any other monetary gold demonstrated to have been looted by Germany and acquired by Turkey. Claims shall be barred which have not been presented by the three Governments on behalf of such countries within six months of the date upon which this understanding comes into effect. Restitution will take place in London, Paris, or New York, at the option of the Government of Turkey. The three Governments, in consideration of restitution, will hold harmless the Government of Turkey from any claims arising from transfers by or for account of the Central Bank of the Republic of Turkey to third countries of any gold in respect of which restitution shall have been made.

(C) Require...

348009

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By BMN NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-4-

(C) Require all persons, both real and juridical, subject to the jurisdiction of the Government of Turkey, to declare to the Government before October 1, 1947, all property of whatever nature in their possession or control in which the former German state or German nationals, exclusive of those resident in Turkey, have an interest.

(D) Bring within the present blocking provisions of Turkish law, all property declared under (C), and any other German property, or property held or controlled on German account, which may be uncovered through any other means.

(E) Take title to, sell or transfer to suitable non-German interests, all German property of whatever nature. The paramount objective in the disposition of German properties will be the elimination of all forms of German ...

348010

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By BKM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-5-

of German ownership, control, or influence,
and accordingly, property will not be sold
to German nationals or to persons of any
nationality who do not furnish, under penalty
of forfeiture of the property or of any
deposit paid, adequate assurances that they
are not acting for, or in collusion with, or
under option given to, any German national.
The proceeds of German property, liquidated
in accordance with the foregoing provisions,
will be held as provided in III below.

III.

German property in Turkey, whether sold or
retained by the Government of Turkey, will provide
the means of making provision for clearance of cer-
tain Turkish claims and for compensation for certain
losses of property in Germany of Turkish institu-
tions and citizens due to circumstances of war.

In preparation for the further conversations pro-
vided in III, below, the Government of Turkey shall

require ...

348011

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By BLA NARA Date 7/26	Embassy
	File 851.51
	Box 4

-6-

require all persons, both real and juridical, subject to its jurisdiction, to declare to the Government all such claims and losses before October 1, 1947.

III.

Without derogating from the position stated in the first reservation of its note of September 23, 1946, which has been noted by the three Governments, the Government of Turkey takes note of the agreements reached among other nations concerning the disposition of German foreign property.

Accordingly, the Government of Turkey will make no disposition of the proceeds or liquidation of German property in settlement of Turkish claims and losses pending final agreement on this subject with the three Governments. Conversations for the purpose of arriving at such an agreement will be initiated between the three Governments and the Government of Turkey following the receipt of the declarations required under I(C) and III above, in any event, not later than November 1, 1947.

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RG 84
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 Embassy
 File 851.51
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 (b) c

MEMORANDUM FOR THE AMBASSADOR

CONFIDENTIAL

July 11, 1947

As soon as the conversations on gold have been held, I believe we shall be in a position to make definite recommendations to the Turkish Government on all questions concerning restitution of looted properties and German assets in Turkey except the question of disposition of the proceeds of liquidation. If accepted by the Government and acted on by the Assembly at the August 25th session, we conceivably could settle the final question of disposition of proceeds in November.

Attached hereto is a draft note to the Foreign Office, aimed at the foregoing objectives. George Baker tells me that the British have agreed to the note and that it is being cleared with the French today. If you concur, I recommend that we ask the Department for its approval by telegraph.

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 Edward B. Tewson

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GWB

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MEMORANDUM FOR THE AMBASSADOR

July 14, 1947

SUBJECT: German Assets - British Ambassador's Conversation with the Minister for Foreign Affairs.

Mr. McCombe reported this morning that Sir David had a conversation with Hasan Saka on Friday afternoon. Apparently the conversation was successful in that the Foreign Minister stated that there was no objection to the three Embassies receiving the information on gold purchases by Turkey and that he would give appropriate instructions to have the information available to us. Apparently he was going to instruct Bulent Usakligil, who has been conducting the discussions with McCombe, Baker and Donhauser lately.

McCombe telephoned to Bulent Bey this morning to find out whether he had received such instructions but at that time he had not received them. However, Bulent Bey undertook to inquire of his superiors in the Foreign Office whether such instructions would be forthcoming and would then inform McCombe what date the information would be available.

For some unaccountable reason, the results of the British Ambassador's conversation with the Foreign Minister were not immediately conveyed to Mr. McCombe by the British Embassy. One of the Secretary's informed McCombe that Sir David left for Istanbul shortly after his conversation with Hasan Saka and intended to inform

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348014

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RG

84

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Embassy

File 851.51

Box

4

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-2-

McCombe by memorandum, but apparently failed to do so.

I shall keep this matter before me and make frequent inquiries to find out just how the program is proceeding. Apparently we shall be able to obtain some information with regard to their gold purchases and probably be in a position to follow the program as indicated in our recent telegram to Washington.

EBL

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RG 84

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fileMEMORANDUM FOR THE FILES

On July 27, I met with Fatin Zorlu, who was stopping in Rome on his way back to Turkey. The purpose of the meeting was to review the work which has been done in Ankara on the subject of German assets since Mr. Zorlu's departure for Geneva on June 28 and to discuss plans for the future.

At the beginning of our meeting I reviewed for Mr. Zorlu's benefit the conversations which the Allied Governments had had with the Turkish Foreign Office after his departure. I told him that the Minister of Finance had received and transmitted to us through the Foreign Office the reports from the local authorities at Trabzon, Izmir, Istanbul, and partial reports for Ankara. I pointed out that these reports totalled only some seven million lira for both realty and personality. I then described the discussions which we had had concerning the clearing account and described the excellent presentation made by an officer of the Central Bank. Mr. Zorlu was surprised when I told him that there was ten million lira owing by Turkey to Germany in the clearing. In conclusion I observed that the total amount of assets reported to us by the Turks was about seventeen million lira and that there obviously was a wide discrepancy between this figure and the Allied estimate of more than seventy-four millions. Mr. Zorlu agreed with my suggestion that the Turkish report of assets was very low.

At

348016

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By BFM NARA Date 7/26

RG

84

Entry Turkey Ankara

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Box

4

-2-

At this point I thought it advisable to mention the proposed Allied note to the Turkish Foreign Office. I stated that at the time of my departure from Ankara it appeared to the three Allied embassies, after consultation with their respective governments, that as a result of our conversations in the past two months we could very soon submit certain proposals to the Turkish Government. Among these would be the proposal that the Turkish Government, at the August 25 session of the National Assembly, take the necessary measures to accomplish an accurate census of German assets in Turkey. When the census has been completed and has been compared with the information available to the Allies of German assets in Turkey, the four interested governments should then be able to agree on a total figure for German assets in Turkey. Mr. Zorlu agreed with this suggestion. He stated that at the time the German assets problem was assigned to him in the Foreign Office, he was amazed and distressed to find that it had been handled by a great variety of persons and agencies. He said that this situation still prevails, although to a lesser extent, and that he intends to do all within his power to centralize the operation under one administration. He continued with the statement that legislation of the type mentioned above has been under consideration for some time and that he sees no reason why it should not be accomplished.

I next took up the subject of Turkish claims against Germany. Our discussion on this point was brief and in substance amounted to an agreement by Mr. Zorlu that the legislation for

submission

348017

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Authority NND 765029

By BKM NARA Date 7/26

RG 84
Entry Turkey Ankara
File 851.51
Box 4

-3-

submission and adjudication of claims should be accomplished simultaneously with the census.

My next remarks were directed toward the final settlement of our questions with Turkey. I prefaced my remarks with the statement that the American Government is very eager to settle this question with all countries of the world and that I believed the French and British Governments share this eagerness. Turkey is one of the few remaining countries in the world with whom we have effected no agreement. We believe it highly desirable for many reasons, certain of which I am not at liberty to discuss at this time, that final agreements be reached by the end of 1947. I stated it appeared from our past conversations that it would be very difficult to reach an agreement satisfactory to both parties on German assets in Turkey until the Turkish Government was better informed concerning the assets and its claims against Germany. Thus it would seem that the legislation discussed above is essential to our reaching a mutually satisfactory agreement on the question of disposition of proceeds and that the legislation must be passed at the August 25 session of the National Assembly if the agreement is to be reached during 1947. Mr. Zorlu stated that he was in complete agreement with my suggestion and added that he too wishes an early settlement of the questions.

I then

348018

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Authority NND 765029

By BLW NARA Date 7/26RG 84
Entry Turkey Ankara
File Embassy 851.51
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I then stated that at the time of my departure from Ankara, Ambassador Wilson suggested the possibility of my returning in November for the final negotiations. I asked Mr. Zorlu whether he expected to be in Ankara at that time. I remarked that I recently heard of the International Trade Conference scheduled to convene in Havana, Cuba, on November 15, 1947, and inquired whether Mr. Zorlu would be attending that conference. He replied that he had not heard of the Havana meeting, but that if such a meeting were held it was quite possible he would be sent as a Turkish representative. In reply to my next question, Mr. Zorlu stated that if he were in Havana and the negotiations on German assets were initiated in November he would be pleased to come to Washington for the final negotiations.

On the subject of gold, I discussed the information which we had requested from the Foreign Office and stated that it had not yet been received. I added that I had hoped very much to have this information before my departure from Ankara, but that the prolonged delay made it impossible. Mr. Zorlu stated that he could not understand why the Foreign Office had made difficulties for us. He said that had he been in Ankara he would have done everything possible to get us any information we requested as quickly as possible. He said that also he was unaware of any looted gold held by Turkey. He was certain that

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Authority NND 765029By BK/H NARA Date 7/26

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Entry Turkey AnkaraEmbassyFile 851.51Box 4

-5-

any such holdings would be small in amount and would not materially damage Turkey's gold position. He further stated that the Turkish Government definitely will observe its commitment to make restitution of any looted gold irrespective of amounts. In conclusion Mr. Zorlu stated that upon his return to Ankara he would do everything within his power to expedite the gold conversations.

George W. Baker

Rome, July 28, 1947.

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Entry Turkey Ankara
File 851.51
Box 4

AIR MAIL

Proposed Note on Looted Gold to be presented to the Turkish Ministry Foreign Affairs by the British Ambassador.

His Majesty's Embassy presents its compliments to the Ministry of Foreign Affairs of the Republic of Turkey and has the honor to refer to its Note of August 12, delivered to the Ministry in concert with the Embassies of the United States of America and of France, in which reference was made to the restitution to its owners of looted property, including monetary gold.

The principle of restitution of looted property is set forth in Resolution VI of the Conference of Bretton Woods and the acceptance of that principle by the Government of Turkey rests no less upon the unity of Turkey with the United Nations and its membership in the World Bank, than upon assurances given by the Ministry to His Majesty's Embassy and the Embassies of the United States of America and France. H. M's Embassy, therefore, upon instructions from H.M. s Principal Secretary of State for Foreign Affairs, has the honor to request the Ministry to agree that, in pursuance of that principle, very early attention should be given by the Government of Turkey to the carrying out of the spirit and terms of that Resolution in relation to the monetary gold which, according to information in the hands of H.M.G., came into the possession of the Central Bank of the Republic of Turkey and is looted gold of which certain of the occupied countries in Europe were despoiled by Germany.

On behalf of Belgium, the primary victim of German spoliation in the matter of monetary gold, H.M.G. in association with the Governments of the United States of America and France claims as having come into the possession of the said Central Bank 249 bars of gold. Further, they desire inquiry into the nature, and subsequent history of some 32,000 coins and 243 kilos of gold ingots (mainly monetary gold of the Latin Union or gold bars which demonstrably were minted from such coin) delivered to the Turkish authorities by Swiss officials who then had charge of German affairs.

His Majesty's Embassy cannot fail to remind the Ministry that in July last every effort was made by it, in concert with the Embassies of the United States of America and of France, in order to afford to the appropriate Turkish authorities a timely opportunity, by examination of material facts between them and the available Allied experts, to agree or dispel the conclusions which H.M.G. and other Governments have drawn from the information in their possession. This opportunity was not taken and H.M.G. must therefore regard its conclusions as well founded,

not only

348021

DECLASSIFIED	RG 84
Authority NMD 765029	Entry Turkey Ankara
By BKM NARA Date 7/26	File 851.51
	Box 4

AIR MAIL

- 2 -

by reason of the facts themselves, which the Government was apparently unwilling to meet in open discussion, but because these facts are consistent with records of a planned and systematic program of looting by Germany, the records of which exist and the proofs of which have been tested and accepted by a number of other Governments and their Central Banks.

H.M.G., therefore, on behalf of the nations despoiled of monetary gold, propose that the Government of Turkey should in restitution of monetary gold looted by Germany and which came into possession of the Central Bank of the Republic of Turkey, deliver to them the 249 bars known to have been looted from the Belgium National Bank or the gold equivalent thereof and of any additional looted gold acquired by the Central Bank of the Republic.

H.M. Government, acting also on behalf of the U. S. Government and the French Government, proposes that there be a conference of representatives of the United States, France and the United Kingdom for the purpose of determining the amount of additional monetary gold.

348022

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By BM NARA Date 7/26

RG

84

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Embassy

File 851.51

Box 4

Ankara, August 12, 1947

1667

G. A.
file

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Turkey, and has the honor to refer to the Embassy's note of March 27, 1946, to the Ministry's reply in its note of September 23, 1946, and to the Embassy's note of April 10, 1947.

As a result of conversations which have taken place between representatives of the Government of Turkey on the one hand and of the Governments of the United States of America, the United Kingdom, and France (hereinafter referred to as "the three Governments") on the other hand, it appears that an understanding can now be reached by the four Governments in reaffirmation of the principles of restitution of looted property and of the liquidation of German property in Turkey so as to remove any conceivable risk of that property's being used to support renewed German aggression . . .

The Ministry of Foreign Affairs,

Ankara.

348023

DECLASSIFIED

Authority NNT 765029
By BKM NAPA Date 7/26RG 84
Entry Turkey Ankara Embassy
File 851.51
Box 4

-2-

aggression. It also appears that further conversations will be needed in connection with the question of the disposal of the proceeds of the liquidation. Accordingly, the Government of the United States of America, in concert with the Governments of the United Kingdom and France, proposes for the agreement of the Government of Turkey the following:

I.

The Government of Turkey will publicly announce its adherence to the Inter-Allied Declaration on Axis Aggression of January 5, 1943, to the Gold Declaration of February 22, 1944 and to Bretton Woods Resolution VI. Simultaneously with the public announcement, the Government of Turkey will take the following measures:

(A) Ensure that the victims of German aggression shall obtain the free restitution of their property found in Turkey in whatever ownership and whether acquired in good or bad faith.

(B) Effect . . .

348024

DECLASSIFIED

Authority NND 765029
By BHM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-3-

(B) Effect restitution to the three Governments, for the account of those countries occupied by Germany during the war of monetary gold of which they were despoiled, and of any other monetary gold demonstrated to have been looted by Germany and acquired by Turkey. Claims shall be barred which have not been presented by the three Governments on behalf of such countries within six months of the date upon which this understanding comes into effect. Restitution will take place in London, Paris, or New York, at the option of the Government of Turkey. The three Governments, in consideration of restitution, will hold harmless the Government of Turkey from any claims arising from transfers by or for account of the Central Bank of the Republic of Turkey to third countries of any gold in respect of which restitution shall have been made.

(C) Require . . .

348025

DECLASSIFIED

Authority NMD 765029

By BKM NARA Date 7/26

RG 84
Entry Turkey Ankara
File 851.51
Box 4

(C) Require all persons, both real and juridical, subject to the jurisdiction of the Government of Turkey, to declare to the Government before October 15, 1947, all property of whatever nature in their possession or control in which the former German state or German nationals, exclusive of those resident in Turkey have an interest.

(D) Bring within the present blocking provisions of Turkish law, all property declared under (C), and any other German property, or property held or controlled on German account, which may be uncovered through any other means.

(E) Take title to, sell or transfer to suitable non-German interests, all German property of whatever nature. The paramount objective in the disposition of German properties will be the elimination of all forms of German ownership, control, or influence, and accordingly, property

will not . . .

348026

DECLASSIFIED

Authority NMD 765029

By BHM NAPA Date 7/26

RG 84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

-5-

will not be sold to German nationals or to persons of any nationality who do not furnish, under penalty of forfeiture of the property or of any deposit paid, adequate assurances that they are not acting for, or in collusion with, or under option given to, any German national. The proceeds of German property, liquidated in accordance with the foregoing provisions, will be held as provided in III below.

II.

In preparation for the further conversations provided in III below, the Government of Turkey shall require all persons, both real and juridical, subject to its jurisdiction, to declare to the Government before October 15, 1947, all losses of or damage to property or other claims against the former German state or its nationals arising out of or during hostilities.

III.

Without derogating from the position stated in the

first . . .

348027

DECLASSIFIED

Authority NND 765029
By BK44 NARA Date 7/26

RG 84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

-6-

first reservation of its note of September 23, 1946,
which has been noted by the three Governments, the
Government of Turkey takes note of the agreements
reached among other nations concerning the disposi-
tion of German foreign property. Accordingly, the
Government of Turkey will make no disposition of the
proceeds of liquidation of German property in settle-
ment of Turkish claims and losses pending final agree-
ment on this subject with the three Governments. Con-
versations for the purpose of arriving at such an
agreement will be initiated between the three Govern-
ments and the Government of Turkey following the
receipt of the declarations required under I (C)
and II above, in any event, not later than December 1,
1947.

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R.D.
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RDios

DECLASSIFIED	RG	84
Authority NWD 765029	Entry	Turkey Ankara
By BKA NARA Date 7/26	File	EMBASSY
	Box	851.51
		4

TRADEDITION NON-OFFICIELLE

Ankara, le 12 Août 1947

L'Ambaseade des Etats-Unis d'Amérique présente ses compliments au Ministère des Affaires Etrangères de la République de Turquie et a l'honneur de se référer à la note de l'Ambaseade du 27 Mars 1946 et à la réponse du Ministère formulée dans une note du 23 Septembre 1946 ainsi qu'à la note de l'Ambaseade en date du 18 Avril 1947.

En conséquence des conversations qui ont eu lieu entre les représentants du Gouvernement turc, d'une part, et des Gouvernements des Etats-Unis d'Amérique, du Royaume Uni et de France (ci-après mentionnés sous le nom "les Trois Gouvernements"), d'autre part, il s'avère qu'une entente peut maintenant être réalisée entre les quatre Gouvernements pour réaffirmer les principes de la restitution des biens spoliés et de la liquidation des avoirs allemands en Turquie de façon à écarter tout risque que ces avoirs puissent servir à soutenir une nouvelle agression allemande. Il s'avère aussi . . .

Le Ministère des Affaires Etrangères,

Ankara.

348029

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Authority NWD 765029

By BKH NARA Date 7/26

RG 84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

-2-

aussi que d'ultérieures conversations seront nécessaires au sujet de la manière dont il sera disposé des produits de la liquidation. En conséquence, le Gouvernement des Etats-Unis d'Amérique, d'accord avec les Gouvernements du Royaume Uni et de France, a l'honneur de proposer à l'agrément du Gouvernement turc ce qui suit:

I.

Le Gouvernement turc annoncera publiquement son adhésion à la Déclaration Interalliée sur les Actes de Dépossession de l'Axe en date du 5 Janvier 1943, à la Déclaration sur l'Or du 22 Février 1944 et à la Résolution No. 6 de Bretton Woods. En même temps qu'il fera cette notification publique, le Gouvernement turc prendra les mesures suivantes:

(A) Faire en sorte que les victimes de la

spoliation allemande obtiennent la libre restitu-

tation de leurs biens trouvés en Turquie quelque

soit leur possesseur et qu'ils aient été acquis

de bonne ou de mauvaise foi.

(B) Restituer aux trois Gouvernements pour

le compte des pays qui ont été occupés par l'Alle-

magne pendant la guerre et qui ont été spoliés

de . . .

348030

DECLASSIFIED	RG 84
Authority NND 765029	Entry Turkey Ankara
By BM NARA Date 7/26	File 851.51
	Box 4

-3-

de leur or monnayé, cet or même et tout autre
 or monnayé au sujet duquel il existerait des
 indications probantes qu'il a été spolié par
 l'Allemagne et acquis par la Turquie. Les
 réclamations seront forcées qui n'auront pas
 été présentées par les trois Gouvernements pour
 le compte des dits pays dans les six mois qui
 suivront la date où le présent accord entrera
 en vigueur. La restitution se fera à Londres,
 Paris ou New-York au choix du Gouvernement turc.
 Les trois Gouvernements, en considération de
 cette restitution garantiront le Gouvernement
 turc contre toutes réclamations ayant pour ori-
 gine des transferts opérés par la Banque Centrale
 de la République de Turquie ou pour son compte
 à des pays tiers de tout or dont restitution aura
 été faite.

(c) Requérir toutes personnes, physiques
 ou morales, sous la juridiction du Gouvernement
 turc, de déclarer au Gouvernement avant le 15

Octobre 1947 . . .

348031

DECLASSIFIED	RG <u>84</u>
Authority <u>NMD 765029</u>	Entry <u>Turkey Ankara</u>
By <u>BLW</u> NARA Date <u>7/26</u>	File <u>851.51</u>
	Box <u>4</u>

-4-

Octobre 1947 tous biens quelle qu'en soit la nature qui sont en leur possession ou sous leur contrôle et dans lesquels l'ancien Gouvernement allemand ou des ressortissants allemands, à l'exclusion de ceux qui résident en Turquie, ont un intérêt.

(B) Etendre les dispositions actuelles de la Loi turque sur le blocage à tous avoirs mentionnés sous le titre C, et à tous autres avoirs allemands ou détenus ou contrôlés pour compte allemand, qui viendraient à être découverts par d'autres moyens.

(E) Mettre sous séquestre, vendre ou transférer à des non-Allemands idoines, tous biens allemands de quelque nature qu'ils soient. L'objectif principal dans la disposition des avoirs allemands sera l'élimination de toutes formes de propriété, de contrôle, ou d'influence allemande et en conséquence les biens ne seront pas vendus à des ressortissants allemands ou à des personnes

de . . .

348032

DECLASSIFIED	RG 84
Authority NWD 765029	Entry Turkey Ankara
By BMN NARA Date 7/26	Embassy
	File 851.51
	Box 4

-5-

de quelque nationalité que ce soit, qui ne fourniraient pas, sous peine de confiscation des biens eux-mêmes ou de tout dépôt de garantie, des assurances adéquates qu'elles n'agissent pas pour le compte de ressortissants allemands ou en collusion avec eux ou après leur avoir donné un droit d'option. Les produits des biens allemands liquidés selon les dispositions ci-dessus seront conservés comme il est prévu au titre III ci-dessous.

II

Pour préparer les ultérieurs entretiens prévus au titre III ci-dessous, le Gouvernement turc requerra toutes personnes physiques ou morales soumises à sa juridiction, de déclarer au Gouvernement avant le 15 Octobre 1947 leurs pertes, dommages à leurs biens ou toutes autres réclamations contre l'ancien Gouvernement allemand ou ses ressortissants, résultant de la guerre ou subis pendant celle-ci.

III

Sans s'écartez de la position prise dans la première

réserve . . .

348033

DECLASSIFIED	RG 84
Audited NWD 765029	Entry Turkey Ankara
B, BM RARA Date 7/26	File 851.51
	Box 4

-6-

réserve de sa note du 23 Septembre 1946, dont les trois Gouvernements ont pris acte, le Gouvernement turc prend connaissance des accords conclus entre d'autres nations au sujet de la disposition des avoirs allemands à l'étranger.

En conséquence, le Gouvernement turc ne disposera pas d'aucun des produits de la liquidation des avoirs allemands pour régler les réclamations et les pertes turques en attendant la conclusion d'un accord final sur ce sujet avec les trois Gouvernements. Des pourparlers pour arriver à un tel accord seront ouverts entre les trois Gouvernements et le Gouvernement turc après réception des déclarations demandées sous le titre I-C et le titre II ci-dessus, et en tout cas pas plus tard que le 1er Décembre 1947.

348034

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Authority NMD 765029
By [Signature] NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4851.51 (c)(1)(i)
Other copyMemorandum

No. 1720

Ankara, August 17, 1947

[Redacted]

**Government of Germany
Assets and Related Subjects Between
Representatives of the Turkish
Government and Representatives of
The United States, United Kingdom,
And France and Final Report Thereon.**

To **Generalissimo
The Secretary of State,
Washington.**

SAC

I have the honor to refer to the letter, in document No. 1713 of June 29, 1947, transmitting certain documents relative to the meetings concerning German assets and related subjects held in Ankara between representatives of the Turkish Government and representatives of the governments of the United States, United Kingdom and France from June 2, 1947 to June 13, 1947 inclusive.

There are transmitted herewith copies in duplicate of the minutes of the three meetings held on June 25, July 2 and July 9, inclusive, copies in duplicate of memoranda prepared on those dates for the Ambassador's information, summarizing the minutes of the meetings, copies in duplicate of a communiqué of August 1, 1947 prepared for the Ambassador concerning discussions relating to looted gold, and copies in duplicate of a communiqué of communication of July 15, 1947 held in Ankara between Mr. George Baker of the Department and Mr. Vasilis Sotiri, Director General of the Department of Economic and Commercial Affairs in the Turkish Ministry of Foreign Affairs. It has not been thought necessary to summarize at this point any of these documents, since they are discussed in the Final Report referred to below.

There is also transmitted a Final report on the conversations which took place during the period June 2, 1947 to July 9, 1947. The report also discusses the delays encountered by the Allied representatives in their attempts to open communication with representatives of the Turkish Government on gold restitutions made by Turkey from Germany during the years 1940 - 1944, and the representations made concerning the immediate presentation to the Turkish Government of a note asking no reference be made either of a specific sum of looted gold, but include a clause of a general nature providing for the restitution of all looted gold in Turkey's possession. Copies of the note in the official English and French texts, as presented to the Turkish Government on August 11, 1947, are attached as Appendix 10 of this report.

For signature

348035

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Authority NWD 765029
By BFM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4Ankara, Turkey
No. 1730
August 12, 1967

For greater facility of reference, there is also transmitted an alphabetical index of subjects discussed or touched upon during the meetings. All dates refer to the minutes of the meetings; all the dates specifically page numbers refer to the particular page of the minutes in which the subject is discussed.

These documents, together with the Embassy's report No. 1716 of June 25, 1967 and its enclosure, comprise a complete record for the Department's files of the "Preliminary negotiations" which took place in Ankara between representatives of the Turkish Government and representatives of the Governments of the United States, United Kingdom and France during the months of June, July and August 1967.

Respectfully yours,

For the American Embassy

Report of Preliminary Negotiations
Division of Embassy

- ~~1. Minutes of meetings of~~
- ~~June 30, July 2, July 9, 1967.~~
- ~~2. Memorandum of conversations.~~
- ~~3. Memorandum of August 1 for the Ambassador.~~
- ~~4. Memorandum of July 26 by Mr. SALTER.~~
- ~~5. Final Report of Conversations~~
- ~~6. Alphabetical Index~~

FILE NO. 851

BONHAUSER:OS

To the Department in Original and Photocopies
cc: Division of Near Eastern Affairs

348036

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Authority NMD 765029
By *BK* NARA Date 7/26

RG

84

Entry Turkey Ankara

EMBASSY

File 851.51

Box 4

As my colleagues will I know endorse, we are very happy to have this opportunity in the pleasant surroundings of your beautiful city to undertake with you discussions to cover the whole field which has been briefly touched upon in the notes on the subject of German assets which have been exchanged between our Governments. If I mention the more prominent topics such as Resolution VI of the Bretton Woods Conference, the liquidation of German assets, the amputation of Turkish claims and the claims of others who have suffered loss and damage by Germany's acts and defaults, and the specific matters brought out in the reservations formulated by your Government, I do so merely to indicate that there is a good deal of detail involved in the subjects which we hope to discuss, but we feel assured that in co-operation with you and by a frank interchange of views in these discussions which will in no way commit the Governments, we shall arrive at solutions which we are mutually recommends to our Governments as being in harmony with the general interest of the United Nations on the subject of German assets, and in full recognition of the interests of your national sovereignty.

We trust and believe therefore that it will be possible in reaching an understanding on procedure by which German assets in Turkey are uncovered and identified, and will subsequently be liquidated, to include in any appropriate manner the fact of recognition by the Turkish Government of the principles embodied in Resolution VI of the Bretton Woods Conference and of the related Allied declarations of January 1945 and February 1946. The reservations already made in this connection by the Turkish Government would then, as I see it, take their due place in the process of drafting and circulation which will have taken place in our discussions, and I feel sure that it will be found that these matters will be covered in a manner entirely satisfactory to each of us.

348037

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Authority NWD 765029

By BKM NARA Date 7/26

RG

84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

~~SECRET~~~~CONFIDENTIAL~~~~TOP SECRET~~

Ankara, June 12, 1957

I called on Foreign Minister Cagin this morning having requested urgently an appointment. He delayed his departure for a Cabinet meeting for an hour in order to receive me. I told him I was greatly disturbed at what I had been informed yesterday by Mr. Lampert and Mr. Baker to the effect that the conversations with Mr. Izquierdo, participated in by British and French representatives as well as our representatives, had come to an end. I said that I understood that Mr. Izquierdo was obliged to maintain the reservation of the Turkish Government regarding the disposition of proceeds of liquidation of German assets here in Turkey, but that I could not see that this in any way should prevent a continuance of the conversations, the exchange of full information from the Turkish side regarding the nature of the Turkish claims and the amount of German assets, and from our side the furnishing of full information regarding the nature of settlements reached with different United Nations as well as the neutral countries concerning this question of German assets. I said that what troubled me is that if these conversations were to end now and Izquierdo and Baker to return to their countries, this would be bound to give rise to a misunderstanding and to criticism of Turkey. I was trying to look at this as a friend of Turkey and avoid this situation arising. Today or later it was clear that Turkey must come to a settlement of this problem with the other United Nations. It was the accepted policy in Turkey to support the United Nations and I was certain that Turkey would not wish to start a long course, to seek a privileged position, but in the long run would herself desire to line up with the other United Nations and to accept a reasonable settlement. This being so, it seemed to me a great pity to have the present meetings break up and give rise to an unfortunate atmosphere. When by continuing the conversations, fully respecting Turkey's position, I was confident that the mutual exchange of full information would prepare the way for an ultimately acceptable agreement.

The Minister said that it was not his understanding that the conversations had come to an end. He talked at some length regarding the nature of the Turkish claims, saying that they were not of course for our damages but more of a remedial nature, well established in law, that German funds were under control of the Turkish Government to satisfy these claims, and the Turkish Government could be in an impossible position vis-a-vis the National Assembly and Turkish claimants if it turned over these funds or part of them to a reparations pool. He discussed many other aspects of the matter, and for my part I continued to point out my belief that Turkey would not wish to have a privileged position, and that in fact many countries such as the United States would be fortunate if they collected one per cent of their just claims in Germany.

At the end of our discussion the Minister said he was in

full agreement . . .

348038

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Article NND 765029
By BMN NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

full agreement that the conversations should continue and be sent for M. Loria. Upon M. Loria's arrival we again went over most of the points we had discussed before. I said that my conception of this situation was that if there could now be full disclosure of information on both sides, this should lead to the experts of the three countries being in a position to formulate a proposal for settlement with Turkey which the three governments could then submit to the Turkish Government. The Turkish Government would then consider whether it could recommend such a proposal to the National Assembly. It was agreed that M. Loria would get in touch with Mr. Lerner and arrange for the conversations to continue, that full information would be furnished by H. Berlin concerning the nature of Turkish claims and the amount of German assets, and that he would expect to be furnished with full information regarding the nature of settlements reached with other countries. M. Loria said that it might take a little time to obtain full information regarding various Turkish claims from the Ministry of Finance, but he had already asked for this information and would continue to press for it. H. Berlin asked that the discussions avoid the rights and wrongs of the Turkish restoration, as he believed this would simply lead to interminable arguments on legal points and he had no authority to modify the Turkish position. If any change in the Turkish position is to come it would of course be by decision of the Government itself.

The discussion was very cordial, and H. Berlin expressed a satisfaction for the courteous and helpful attitude of the representatives of the other countries.

During the conversation the Foreign Minister stated that he had been under constant pressure to agree that certain claims should be satisfied out of German assets under Turkish control. He had resisted this pressure and to date "not one cent" had been paid to Turkish claimants. I said that I was happy to know this and sincerely hoped that the Turkish Government would sustain this position and would not permit any distribution of the proceeds of liquidation of German assets to be made until at least this had been / even to endeavor to work out a satisfactory adjustment of the whole question between Turkey and the other governments. The Minister assured me that this would be the case. He went on to say that legislation was pending in the National Assembly to authorize the creation of a commission with authority to pass upon Turkish claims against Germany and to determine the approved amount thereof.

18/ D.O.D.

D.O.D.

18/100

348039

DECLASSIFIED	RG 84
Authority NND 765029	Entry Turkey Ankara
By BM NARA Date 7/26	EMBASSY
	File 851.51
	Box 4

~~SECRET~~~~REF ID: A6512~~~~Demande de compensation à la population civile~~~~établie par l'Amiral George E. Baker~~

Dommages et pertes subis par suite des causes provoquées directement des hostilités, tels que destructions, pillages, vols ou réquisitions:

12 par les citoyens turcs:

55,311,897 - L.T.

22 par les différentes administrations du gouvernement turc:

11,972,109 - L.T.

22 par les municipalités:

119,384 - L.T.

42 par les banques:

11,700,755 - L.T.

22 par les officines et usineries:

9,601,102 - L.T.

62 par les entrepôts:

22,316,470 - L.T.

TOTAL 110,637,729 - L.T.

348040

DECLASSIFIED	RG	84
Authority NMD 765029	Entry	Turkey Ankara
By BKA NARA Date 7/26	File	Embassy
	Box	851.51
		4

Dépenses extraordinaires budgétaires de l'armée nationale occasionnées par la guerre allemande	<u>2,050,556,484</u>
Rapports étrangers d'armement	<u>112,900,000</u>
Prix des deux ports coulés (Kerip et Aris-Tirage -)	<u>1,829,421</u>
Prix des deux navires coulés (S.S. Fachal et Grea)	<u>1,064,968</u>
Diverses réclamations	<u>210,637,720</u>
Total	<u>3,956,100,633</u>

Les réclamations relatives aux pertes
de journées de travail occasionnées
par la mobilisation, aux autres pertes
de la marine marchande, aux pertes des
immeubles et du mobilier, d'état à l'
étranger seront communiquées ultérieurement.

348041

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Authority NWD 765029	Entry Turkey Ankara
By BLA NARA Date 7/26	Embassy
	File 851.51
	Box 4

Année	Budget
1939	100,717,171
1940	203,373,441
1941	202,910,755
1942	501,370,000
1943	224,141,622
1944	203,647,925
1945	204,579,000
TOTAL . . .	2,468,499,424

Budget normal de la Défense Nationale (1939) Budget 91,127,000

$$? \times 91,127,000 = 637,900,000$$

2,468,499,424
 + 637,900,000
1,106,399,424 Dépenses supplémentaires nécessaires
 de l'Armée Nationale considérées pour
 la guerre attendue.

348042

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Authority NND 765029

By BMN NARA Date 7/26

RG 84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

~~ESTIMATED VALUE OF GERMAN ASSETS IN TURKEY~~1. ~~Miscellaneous~~

1. Cash, bank deposits, personal property	13,371,50
2. Installations and machinery (in addition, two factories for processing fish oil and a small refrigeration plant - assessed at several thousand Turkish Lira)	1,000,000
3. Mortgages	1,000,000
4. Bonds	1,000,000
5. Value participation in companies	1,000,000
6. Furniture, Silver, etc. (in addition, valuable personal effects, value unknown)	1,500,000
7. Stocks and Goods (in addition, mineral inventories consisting of stocks - value unknown)	2,000,000
8. Duties	2,000,000
9. Land and Buildings	1,700,000
10. Accounts due German Banks and Insurance Companies	1,617,777
11. Company bonds, German firms in Turkey	1,000,000
12. Advances made by German firms to Turkish firms	1,000,000
13. Capital Fund in Turkey	15,000
14. Outstanding of Payments	127,710
15. Balance of Accounts	10,164
16. Goods delivered and compiled	20,424
17. For account of German firms	19,300
18. German claims - nature unknown	120,000
19. Clearing Account - favor of German Government as of 12/31/44	10,000,000
20. Postal Savings Bank	10,000
21. Money held in German Consulate Safe, Istanbul	10,000
1. Paper Money	60,000
2. Egyptian Pounds - 350	4,000
3. Reichsmarks - 3,750	2,000
4. Swiss Francs - 5,500	5,500
5. Gold Florins - 770	770
6. Gold coins - 255	255
7. Gold Egyptian - 102	102

22. ~~Miscellaneous Gold~~

1. 25 troy gold	
2. 62 troy gold	4,000
3. 1,000 gold coins	2,000
4. 1,000 gold Florins	1,000
5. 500 pieces of gold	500
6. 35 latin coins	35
7. Estimated value additional gold	10,000,000

23. ~~Materials from Deutsche Bank Istanbul upon Governance of Turkish-German Economic and diplomatic relations~~

10,000,000

348043

DECLASSIFIED	
Authority NMD 765029	
By PAM NARA Date 7/26	

RG 84
 Entry Turkey Ankara
 File 851.51
 Box 4

II.	<u>Estimated Value of German Assets in Turkey</u>	
	Estimated value, including 70 gold-gold bars and 150 new type bars	25,500,000
III.	<u>Estimated Value of German Assets in Turkey</u>	
	(1) Property of Deutsche Bank 20,000 deutsche gold coins 150 kgm. gold Ingots	
	(2) Property of German Reich 12,797 assorted gold coins or 115.6 gold Ingots Estimated in Turkish Lira	1,150,000 250,000
IV.	<u>Capitalization of Gold Bars</u>	2,200,000
V.	<u>Capital and Assets of Six German Insurance Companies (estimated values)</u>	1,050,000
VI.	<u>Capital Assets of</u>	
	1. Deutsche Post 2. Deutsche Verlag	Value Unknown
VII.	<u>Intangible Properties</u>	
	A. German Industry, Assets B. German Organizations - Intangible C. Agencies D. Other German Organizations E. Banks F. Trusts	
VIII.	<u>Other German Property</u>	
	German School - Istanbul Two German Churches - Istanbul Tunis - Istanbul Sports Field - Mada, Istanbul	
	Total of Items expressed above in actual figures: 76,396,550	

The process of tabulation of German assets in Turkey, pursuant to sworn statements made by the owners in Germany, is still continuing and these figures are, therefore, incomplete. It is believed that these figures do not include amounts of Turkish gold and bonds held by prominent German firms, such as Krupp, Fette-Schiff, Daimler-Benz, and other participants of Turkish public corporations.

348044

DECLASSIFIED	RG 84
Authority NWD 765029	Entry Turkey Ankara
31 BKM NARA Date 7/26	File 851.51
	Box 4

~~SECRET~~~~APPENDIX 7~~**I. Personal Property (including furniture, silver, rugs, etc.)**

Trebzon	40,000 LTR
İzmir	110,000
Istanbul	600,400
Ankara	<u>No evaluation</u>
Total	1,000,400 LTR

II. Real Estate

Trebzon	15,000 LTR
İzmir	240,000
Istanbul	4,996,050
Ankara	<u>900,000</u>
Total	6,000,050 LTR
Grand Total	7,000,450 LTR

348045

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Authority NND 765029
By BKA NARA Date 7/26

RG 84
Entry Turkey Ankara
File 851.51
Box 4

Acquisitions of gold by Turkey from Germany
1910 to February 1914

- (1) Date of acquisition.
- (2) Bar numbers or other identification.
- (3) Weight of consignment.
- (4) Fineness.

348046

DECLASSIFIED	RG 84
Authority NWD 765029	Entry Turkey Ankara
By BKM NARA Date 7/26	File 851.51
	Box 4

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~~APPENDIX 9~~

~~MEMORANDUM FOR THE FILES~~

On July 27, I met with Fatin Sarlu, who was stopping in Ankara on his way back to Turkey. The purpose of the meeting was to review the work which has been done in Ankara on the subject of German assets since Mr. Karlu's departure for Germany on June 22 and to discuss plans for the future.

At the beginning of our meeting I reviewed for Mr. Sarlu's benefit the conversations which the Allied Governments had had with the Turkish Foreign Office after his departure. I told him that the Minister of Finance had received and transmitted to me through the Foreign Office their reports from the local authorities at Trabzon, Izmir, Istanbul, and partial reports for Ankara. I pointed out that these reports totalled only some seven million lire for both reality and personality. I then described the discussions which we had had concerning the clearing account and described the excellent presentation made by an officer of the Central Bank. Mr. Sarlu was surprised when I told him that there was two million lire owing by Turkey to Germany in the clearing. In conclusion I observed that the total amount of assets reported to us by the Turks was about seventeen million lire and that there obviously was a wide discrepancy between this figure and the Allied estimate of over thirty-four millions. Mr. Sarlu agreed with my suggestion that the Turkish report of assets was very low.

At this point I thought it advisable to mention the proposed Allied note to the Turkish Foreign Office. I stated that at the time of my departure from Ankara it appeared to the three Allied Governments, after consultation with their respective governments, that as a result of our conversations in the past two months we could very soon submit certain proposals to the Turkish Government. Among these would be the proposal that the Turkish Government, at the August 25 session of the National Assembly, take the necessary measures to accomplish an accurate census of German assets in Turkey. Since the census has been completed and has been compared with the information available to the Allies of German assets in Turkey, the four interested governments should then be able to agree on a total figure for German assets in Turkey. Mr. Sarlu agreed with this suggestion. He stated that at the time the German assets problem was assigned to him in the Foreign Office, he was amazed and disappointed to find that it had been handled by a great variety of persons and agencies. He said that this situation still prevails, although to a lesser extent, and that he intends to do all within his power to centralize the operation under one administration. He continued with the statement that legislation of the type mentioned above has been under consideration for some time and that he sees no reason why it should not be accomplished.

I next took up the subject of Turkish claims against Germany. Our discussion on this point was brief and in substance amounted to an agreement by Mr. Sarlu that the legislation for validation and adjudication of claims should be accomplished simultaneously with the census.

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348047

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Authority NND 765029

By BKH NARA Date 7/26

RG 84

Entry Turkey Ankara
Embassy

File 851.51

Box 4

My next remarks were directed toward the final settlement of our questions with Turkey. I prefaced my remarks with the statement that the American Government is very eager to settle this question with all countries of the world and that I believed the French and British Governments share this expression. Turkey is one of the few remaining countries in the world with whom we have effected no agreement. We believe it highly desirable for many reasons, certain of which I am not at liberty to discuss at this time, that final agreements be reached by the end of 1947. I stated it appeared from our past conversations that it would be very difficult to reach an agreement satisfactory to both parties on German assets in Turkey until the Turkish Government was better informed concerning the assets and its claims against Germany. Thus it would seem that the legislation discussed above is essential to our reaching a mutually satisfactory agreement on the question of disposition of proceeds and that the legislation must be passed at the August 25 session of the National Assembly if the agreement is to be reached during 1947. Mr. Karlu stated that he was in complete agreement with my suggestion and added that he too wished an early settlement of the questions.

I then stated that at the time of my departure from Ankara, Ambassador Wilson suggested the possibility of my returning in November for the final negotiations. I asked Mr. Karlu whether he expected to be in Ankara at that time. I remarked that I recently heard of the International Trade Conference scheduled to convene in Baham, Cuba, on November 15, 1947, and inquired whether Mr. Karlu would be attending that conference. He replied that he had not heard of the Baham meeting, but that if such a meeting were held it was quite possible he would be sent as a Turkish representative. In reply to my question, Mr. Karlu stated that if he were in Baham and the negotiations on German assets were initiated in November he would be pleased to return to Washington for the final negotiations.

On the subject of gold, I discussed the information which we had requested from the Foreign Office and stated that it had not yet been received. I added that I had hoped very much to have this information before my departure from Ankara, but that the prolonged delay made it impossible. Mr. Karlu stated that he could not understand why the Foreign Office had made difficulties for us. He said that had he been in Ankara he would have done everything possible to get us any information we requested as quickly as possible. He said that also he was unaware of any looted gold held by Turkey. He was certain that any such holdings would be small in amount and would not materially damage Turkey's gold position. He further stated that the Turkish Government definitely will observe its commitment to make restitution of any looted gold irrespective of amounts. In conclusion Mr. Karlu stated that upon his return to Ankara he would do everything within his power to expedite the gold conversations.

George S. Baker

Anne, July 22, 1947.

348048

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Authority NND 765029

By BKH NARA Date 7/26

RG

84

Entry Turkey Ankara

Embassy

File 851.51

Box

4

~~SECRET~~~~APPENDIX 10~~

Ankara, August 12, 1947

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Turkey, and has the honor to refer to the Embassy's note of March 27, 1946, to the Ministry's reply in its note of September 13, 1946, and to the Embassy's note of April 16, 1947.

As a result of conversations which have taken place between representatives of the Government of Turkey on the one hand and of the Governments of the United States of America, the United Kingdom, and France (hereinafter referred to as "the three Governments") on the other hand, it appears that an understanding can now be reached by the four Governments in reaffirmation of the principle of restitution of looted property and of the liquidation of German property in Turkey so as to remove any possible risk of that property's being used to support renewed German aggression. It also appears that further conversations will be needed in connection with the question of the disposal of the proceeds of the liquidation. Accordingly, the Government of the United States of America, in concert with the Governments of the United Kingdom and France, proposes for the agreement of the Government of Turkey, the following:

I.

The Government of Turkey will publicly announce its adherence to the Inter-Affiliated Declaration on Axis Acts of Dispossession of January 5, 1943, to the Gold Declaration of February 22, 1944, and to Bretton Woods Resolution VI. Simultaneously with the public announcement, the Government of Turkey will take the following measures:

- (A) Ensure that the victims of German spoliation shall obtain the free restitution of their property found in Turkey in whatever ownership and whether acquired in good or bad faith.
- (B) Effect restitution to the three Governments, for the account of those countries occupied by Germany during the war of monetary gold of which they were despoiled, and of any other monetary gold demonstrated to have been looted by Germany and acquired by Turkey. Claims shall be barred which have not been presented by the three Governments on behalf of such countries within six months of the date upon which this understanding comes into effect. Restitution

will take . . .

348049

DECLASSIFIED	RG <u>84</u>
Authority <u>NWD 765029</u>	Entry <u>Turkey Ankara</u>
<u>B/BLW</u> NARA Date <u>7/26</u>	File <u>851.51</u>
	Box <u>4</u>

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-3-

will take place in London, Paris, or New York, at the option of the Government of Turkey. The three Governments, in consideration of restitution, will hold harmless the Government of Turkey from any claims arising from transfers by or for account of the Central Bank of the Republic of Turkey to third countries of any gold in respect of which restitution shall have been made.

(C) Require all persons, both real and juridical, subject to the jurisdiction of the Government of Turkey, to declare to the Government before October 15, 1947, all property of whatever nature in their possession or control in which the former German state or German nationals, exclusive of those resident in Turkey have an interest.

(D) Bring within the present blocking provisions of Turkish law, all property declared under (C), and any other German property, or property held or controlled on German account, which may be uncovered through any other means.

(E) Take title to, sell or transfer to suitable non-German interests, all German property of whatever nature. The paramount objective in the disposition of German properties will be the elimination of all forms of German ownership, control, or influence, and accordingly, property will not be sold to German nationals or to persons of any nationality who do not furnish, under penalty of forfeiture of the property or of any deposit paid, adequate assurances that they are not acting for, or in collusion with, or under option given to, any German national. The proceeds of German property, liquidated in accordance with the foregoing provisions, will be held as provided in III below.

II.

In preparation for the further conversations provided in III, below, the Government of Turkey shall require all persons, both real and juridical, subject to its jurisdiction, to declare to the Government before October 15, 1947, all losses of or damage to property or other claims against the former German state or its nationals arising out of or during hostilities.

III.

Without derogating from the position stated in the first reservation of its note of September 23, 1946, which has been noted by the three Governments, the Government of

Turkey . . .

348050

DECLASSIFIED	RG 84
Authority NMD 765029	Entry Turkey Ankara
By BKM NARA Date 7/26	Embassy
	File 851.51
	Box 4

Turkey takes note of the agreements reached among other nations concerning the disposition of German foreign property. Accordingly, the Government of Turkey will make no disposition of the proceeds of liquidation of German property in settlement of Turkish claims and losses pending final agreement on this subject with the three Governments. Conversations for the purpose of arriving at such an agreement will be initiated between the three Governments and the Government of Turkey following the receipt of the declarations required under I (C) and II above, in any event, not later than December 1, 1947.

348051

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Authority NND 765029
By PMA NARA Date 7/26RG 84
Entry Turkey Ankara Embassy
File 851.51
Box 4~~SECRET~~

Ankara, le 12 aôut 1967.

L'Ambassade des Etats-Unis d'Amérique présente ses envois au Ministère des Affaires Etrangères de la République de Turquie et à l'honneur de sa République à la note de l'Ambassade du 27 Mars 1966 et à la réponse du Ministère formulée dans une note du 23 Septembre 1966 ainsi qu'à la note de l'Ambassade en date du 10 Avril 1967.

La consequence des conversations qui ont eu lieu entre les représentants du Gouvernement Turc, d'une part, et des gouvernements des Etats-Unis d'Amérique, du Royaume Uni et de France (ci-après mentionnés sous le nom "les trois Gouvernements"), d'autre part, il s'avère qu'une entente peut maintenant être réalisée entre les quatre Gouvernements pour renforcer les principales de la restitution des biens confisqués et de la liquidation des biens allemands en Turquie de faveur à éviter tout risque que ces biens puissent servir à soutenir une nouvelle agression allemande. Il s'avère aussi que d'ultérieures négociations seront nécessaires au sujet de la manière dont il sera dispensé des pertes de la liquidation. En conséquence, le Gouvernement des Etats-Unis d'Amérique, d'accord avec les Gouvernements du Royaume Uni et de France, à l'honneur de proposer à l'égard du Gouvernement Turc ce qui suit:

I.

Le Gouvernement Turc annoncera publiquement son adhésion à la Déclaration interalliée sur les Actes de Réparation de l'Axis en date du 5 Janvier 1943, à la Déclaration sur l'Op. du 22 Février 1946, et à la Résolution N° 6 de l'Assemblée Générale. Au même temps qu'il fera cette notification publique, le Gouvernement Turc prendra les mesures suivantes:

(A) Vaire en sorte que les victimes de la spoliation allemande obtiennent la libre restitution de leur bien trouvé en Turquie quelles soit leur provenance et qu'ils aient été acquis de bonnes ou de mauvaise foi.

(B) Négocier aux trois Gouvernements pour le compte des pays qui ont été occupés par l'Allemagne pendant la guerre et qui ont été spoliés de leur patrimoine, cet en même et tout autre et manqué au sujet duquel il existerait des indications probantes qu'il a été spolié par l'Allemagne et occupé par la Turquie. Les recommandations seront formulées qui n'auront pas été présentées par les trois Gouvernements pour le compte des dits pays dans les six mois qui suivront la date de la présente accord entre en vigueur. La restitution se fera à Limours, Paris ou New-York ou choisir du Gouvernement Turc. Les trois Gouvernements, en considération de cette restitution garantiront le Gouvernement Turc contre toutes réclamations ayant pour origine des transactions

opérée par

348052

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Authority NND 765029
By [Signature] NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

opérée par le Bureau Central de la République de Turquie en votre nom compte à des personnes de tout or dont restitution n'a pas été faite.

(A) Requérir toutes personnes, physiques ou morales, sous la juridiction du Gouvernement turc, de déclarer au Gouvernement avant le 15 Octobre 1947 tous biens, quelle qu'en soit la nature qui sont en leur possession ou sous leur contrôle et dans lesquels l'ancien Gouvernement allemand ou ses représentants allemands, à l'exclusion de ceux qui résident en Turquie, ont un intérêt.

(B) Rendre les dispositions actuelles de la loi turque sur le blanchiment de tout avoir nationalisé sous le titre C, et à tout autre avoir allemand ou allemand ou contrôlé pour compte allemand, qui viendreraient à être découverte par d'autres moyens.

(C) Mettre sous séquestre, vendre ou transférer à des Allemands fiduciaires, tous biens allemands de quelque nature qu'ils soient. L'objectif principal dans la disposition des avoirs allemands sera l'élimination de toutes formes de propriété, de contrôle, ou d'influence allemande et en conséquence les biens ne seront pas vendus à des représentants allemands ou à des personnes de quelque nationalité que ce soit, qui ne fourniraient pas, sous peine de confiscation des biens survenus ou de tout dépôt de garantie, des assurances suffisantes qu'ils n'utilisent pas pour le compte de représentants allemands ou en collusion avec eux ou par lequel leur avoir donné un droit d'option. Les résultats des biens allemands liquides selon les dispositions ci-dessous seront conservés comme il est prévu au titre III ci-dessous.

II.

Pour préparer les ultérieures opérations prévues au titre III ci-dessous, le Gouvernement turc reconnaît toutes personnes physiques ou morales soumises à sa juridiction, de déclarer au Gouvernement avant le 15 Octobre 1947 leurs pertes, dommages à leurs biens ou toutes autres réclamations contre l'ancien Gouvernement allemand ou ses représentants, résultant de la guerre ou subis pendant celle-ci.

III.

Sans s'écarter de la position prise dans la première réserve de sa Note du 23 Septembre 1946, dont les trois Gouvernements ont pris note, le Gouvernement turc prend connaissance des accords conclus entre d'autres nations au sujet de la distribution des avoirs allemands à l'étranger.

En conséquence, le Gouvernement turc se

dispose ...

348053

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Auth City NMD 765029
By BYA NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

Il y aurait pas d'erreur dans la traduction des extraits allusifs pour major les positions et les points de vue du document la conclusion d'un accord fiscal sur ce sujet entre les deux gouvernements. Des préparatifs pour l'adoption de tel accord seront entrepris entre les deux gouvernements et le Gouvernement sera avisé au moins une semaine à l'avance pour prendre en compte le bilan de l'accord, ce qui sera fait par l'autorité le plus tard que le 1er novembre 1967.

348054

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Authority NWD 765029

By BKM NARA Date 7/26

RG 84

Entry Turkey Ankara Embassy

File 851.51

Box 4

Enclosure no. 5 to Despatch no. 1788 dated August 12, 1947, Ankara, Turkey, subject: "Conversations concerning German Assets and Related Subjects Between Representatives of the Turkish Government and Representatives of the United States, United Kingdom, and France and Final Report Thereof."

Final Report on Conversations held from June 2, 1947, To July 9, 1947 in Ankara, Turkey between Representatives Of the Turkish Government and Representatives of the Governments of the United States, United Kingdom, and France concerning German Assets and Related Subjects, And on Subsequent Developments Thereto.

The governments of the United States, of the United Kingdom, and France, after consultation with their Ambassador at Ankara, decided in April 1947 that it was desirable to initiate, at the earliest possible date, discussions with the Government of Turkey on questions concerning liquidation of German assets in Turkey, dispositions of the proceeds thereof in the light of Turkish claims against Germany, and the restitution of looted property. Prior to these discussions, there had been an exchange of notes and views between the three governments on the one hand, and the Turkish Government on the other concerning Turkey's adherence to three Allied Declarations - namely, the Inter-Allied Declaration of January 5, 1943 concerning Axis acts of aggression, the Gold Declaration of February 11, 1943, and the note from Ambassador V.L. At the time of its adherence to the International Bank and Monetary Fund, the Turkish Government informed the three governments of its adherence in principle to these declarations, but with certain reservations. The three governments decided that this adherence be publicly announced. The Turkish Government had indicated, through the Financial Commissar of the Turkish embassy at Washington, that it would make such a public announcement upon receipt of a note stating that the three governments had noted the Turkish reservations. Accordingly, the three governments presented a note to the Ministry of Foreign Affairs, on April 14, 1947, noting the Turkish reservations. The note also stated that the governments would explore an opportunity of entering into discussions with the Turkish Government for the purpose of resolving questions remaining at issue on the liquidation of German assets and the disposal of the proceeds.

Pursuant to the invitation implied in the aforementioned note of April 14 and to the desire of the three governments that discussions should now be undertaken, the Ambassador suggested to the Secretary General of the Ministry of Foreign Affairs. The Ambassador suggested that negotiations be initiated at a meeting of the ambassadors of the three governments with the Foreign Minister. The Secretary General suggested that preparatory discussions on these questions be held with Turkish officials of lower than cabinet rank. He stated that earlier the government for the public was especially informed on the issues involved and that it might prove embarrassing to the Turkish Government to start negotiations on a high level of accuracy with which the government was not entirely acquainted. The Secretary General was of the opinion that informative discussions with lower ranking Turkish officials would give the

Turkish . . .

348055

DECLASSIFIED

Authority NND 765029
By BM NAPA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

Turkish Government information concerning Allied objectives and means of their accomplishment and that this preparatory work would later lead to final negotiations. The American Ambassador, with the concurrence of his British and French colleagues, suggested the suggestion of the Secretary General.

Accordingly, conversations between the three governments and the Turkish Government were initiated on June 2, 1947. At the initial meeting the British Government was represented by Mr. Francis S. Mathews, Special Representative of the British Government for purposes of these conversations, and by Mr. Eric Lindemann, Commercial Counsellor of the British Embassy at Ankara. The French Government was represented by M. Michel Rovelli, First Secretary of the French Embassy at Ankara. The American Government was represented by Dr. Edward A. Lassen, Counselor of Embassy for Economic Affairs; Mr. George G. Baker, Special Advisor from the Department of State to the American Ambassador at Ankara for the purpose of these conversations, and by Mr. Robert Rothman from the Department of State, Special Assistant to the American representatives. The Turkish Government was represented by H. Fazıl Kardeş, Director General of the Department of Commercial and Economic Affairs, Ministry of Foreign Affairs, and two assistants, Sr. Saitvel Ayal and Sr. Cahit Bayar.

The opening meeting on June 2 and the three subsequent meetings through June 9 were concerned with the note presented by the Allied Governments on March 27, 1946, requesting that the Turkish Government adhere to and take certain measures in implementation of the Inter-Allied Declaration on Asia Minor of December 29, 1943, the Gold Declaration of February 27, 1944, and Cotton Goods Resolution VI, and with the reservations made by the Turkish Government in its note of September 26, 1946 which was in reply to the Allied note of March 27, 1946.

In the opening meeting, Mr. Kardeş welcomed the representatives of the Allied governments and thanked them for the opportunity which was now afforded the Turkish Government of discussing various problems with them. Mr. Mathews read a short paper (appendix 1) in reply. Mr. Lassen made some remarks in the same vein, explaining that it is the Allied representatives' desire to use these informal discussions to clarify the outstanding problems and give the Turkish Government such information as might prove helpful to it in effecting its German economic program. He hoped that the discussions would thus lead quite naturally into the negotiation of a final agreement on the liquidation and distribution of the assets.

Mr. Kardeş stated that the Turkish Government is in complete agreement with the principles of the three allied documents referred to by Mr. Mathews, but that his Government has made certain reservations in reply to the joint Allied note of March 27, 1946, which he would like to discuss in order to ascertain the reaction of the United States, United Kingdom and French Governments. Mr. Baker and Mr. Mathews referred to the fact that the conversations have been noted and stated that they would endeavor the opportunity of discussing the reservations in detail.

It was . . . *

348056

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Authority NMD 765029

By BMH NARA Date 7/26

RG

84

Entry Turkey Ankara

EMBASSY

File 851.51

Box 4

It was agreed in the course of the conversation in the first meeting to postpone discussion of the first reservation made by the Turkish Government in its Note of September 23, 1946, until the other reservations were considered, since it presented the major complication. After brief conversation, complete agreement was reached upon the remaining reservations. At the same time, the representatives of the four governments arrived at the following understandings:

1. No new legislation is needed in Turkey to effect restitution of looted property. Dr. Tunc stated that the present laws of Turkey provide for return of stolen property to its lawful owner and that a place of purchase in good faith is not a defense. He added that the law may provide for a statute of limitation and that he will check with his legal advisors on this subject. At a subsequent meeting, Dr. Tunc informed the Allied representatives that the Turkish Government officially and publicly would adopt Resolution Voss Consultation VI, thereby providing for restitution of loot without reference to the good faith of the present holder. He stated that in any conflict between a domestic law and an international agreement, the latter to prevail. Thus, when the Assembly adopts the resolution providing for restitution, it will supersede the domestic law on stolen property.
2. Property in Turkey of Germans and all other non-German persons resident in Germany will not be considered as German property and therefore will not be subject to liquidation.
3. Information concerning a person who has acquired Turkish citizenship in good faith subsequent to January 1, 1933 will not be used to his detriment. However, no special treatment will be accorded any person who is claiming German descent, even though he acquired Turkish nationality in good faith.
4. Dual nationality does not present a problem under Turkish law. Turkish citizenship is lost only by an affirmative act of allegiance to a foreign government unless directed by the Government of Turkey. Thus the Allied representatives agreed that the Turkish law was adequate to cover cases where it would be desirable to liquidate property in Turkey of Turks resident in Germany, who had, by an affirmative act of allegiance, renounced the German state.
5. All German assets have been blocked in Turkey. Dr. Tunc stated that Turkey had over given up her oil to liquidate funds from Germany paid for by Turkish merchants and lending the necessary German signatures to assure their release.
6. The Turkish Government is willing to give full information to the Allies on the understanding that, in so doing, it retains its full sovereign rights.

It was then pointed out to the representatives of the Turkish Government that the first reservation involved the ultimate

disposition . . .

348057

DECLASSIFIED

Authority NND 765029
By RHM NARA Date 7/26

RG

84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

disposition of the proceeds of liquidation of German assets, and that this question is not pertinent to adherence by Turkey to the three Declarations. It was further explained that, although the Allied request for adherence to the three Declarations was made after Potsdam and the Paris Economic Conference, the questions of liquidation and disposition were not raised in connection with the Allied request for the adherence of Turkey to the three Declarations mainly for the reason that the details of the proposals which the Allies would make to non-Nazi nations had not yet been completed.

The chief Turkish representative then stated that with this consideration in mind and in view of the agreement reached on the other reservations, he felt confident that his government could adhere publicly to the three Declarations, but that he could not speak officially on the matter until it had been passed upon by the Council of Ministers.

With respect to liquidation, Mr. Marin stated that his government accepts without qualification the principle of liquidation and added that his government is now studying measures to accomplish such liquidation. In later meetings Mr. Marin expanded on the law concerning the liquidation of German assets presently under consideration by the National Assembly. He specified a severe penalty against any citizen who fails to declare his balance of German assets within thirty days of the date of the law's enactment and provides for the establishment of a department of compensation to administer the whole program. Mr. Horley, however, made evident the fact that he and his government consider the liquidation process as a purely Turkish concern, to which the Allied representatives object. In this further he said by the representatives of the four governments that the spirit of Section 8(d) implies complete liquidation and that, since the Turks would agree to the British terms of resolution, there will be no question of incomplete or faulty liquidation.

The conversations then turned to the first Turkish reservation -- namely, the Turkish Government's objection of liquidation and intention to settle Jewish claims in the first instance out of German assets. This directly raised the issue of disposition of the proceeds of liquidation. The principal arguments advanced on both sides were:

The Turkish representatives stated that the reservation is in accordance with the principle "Security before Money" that the Turkish Government could not unilaterally in regard to the disposition of the proceeds of liquidation and without consultation with other governments, that under International law and legal procedures known to Jurists it is impossible to justify the request being made by the Allies; that in view of German seizure of Turkish property and other damages which Turkey has suffered from German acts of aggression, the government is totally satisfied in compensating by the seizure of German assets in Turkey for Turkey's own uses. In this latter connection he expressed the view that when a nation violates international law, that law becomes inoperative and the injured nation (in this case Turkey) is then free to take protective or compensatory measures.

Finally, . . .

348058

DECLASSIFIED

Authority NMD 765029

By BKA NARA Date 7/26

RG 84
 Entry Turkey Ankara
 File 851.51
 Box 4

Finally, he asserted that the Turkish Assembly would never accept a law which did not provide 100 per cent compensation for claims of the Turkish Government and its nationals.

The Allied representatives stated that they are in Turkey to plead not only on behalf of their own interests but also for those countries represented by us and by acts of German aggression, namely the other fifteen nations represented at the Inter-Allied Reparation Agency at Potsdam; that legally the Turkish position is unfounded, since the governments have compensated claimants according to the German Government and the amounts in question are fair, not hunting this finally the position is unfounded; the Allies do not seek retribution but do seek to redress wrongs suffered by the devastated countries as well as those done to Turkey, and in so doing, it must be recognized that "the wrongs do not a right make." The Allied compensation authorities, as successors to the Geneva Trials, have taken measures to invalidate such laws and to require as far as possible, property seized under laws which they consider repugnant to International law and civil justice. With regard to the justification of the request made by the Allies, Mr. Jordan stated that the three governments do not feel right to grant the request. Germany surrendered without conditions to the Allies every right and prerogative of a sovereign government; there is no parallel to the present situation in International law or history. A new International law has come, which if set down to justify in any way claim to the claimant and certainly, the Turkish Government could not fail to recognize the significance of the Geneva Trials in relation to Article 122.

Mr. Jordan referred to the acceptance of a law by the Turkish Assembly which did not provide 100 per cent compensation for Turkish claims, the allied representatives stated that they could find great difficulty in convincing such an opinion to their government; the benefits claimed by the Turkish Government are not afforded the people of other nations, and gave the Turkish Government to prove such a course, there would be no solidarity between it and other nations of the world. However cannot possibly pay for the damages she has caused and subsequently the Allies have cooperated among all countries concerned in a common effort to give the widest and most equitable compensation to all governments and their nationals for their losses.

At the conclusion of the meeting of June 9, Mr. Jordan stated that the Turkish Government, although willing to submit to the Three Allied Delegations, insisted upon the principle of disposition of German assets as expressed in its note of September, 1944, and, however, never changed a discussion on the application of liquidation procedure or the disposition of the proceeds of such liquidation. He asserted that on that latter he feels the Government has made its "irreversible" decision and that he has no authority to go further in a discussion of those principles.

The Allied representatives pointed out that the present officials of the Turkish Government would be "discredited" to the delegations and would have unfortunate consequences. However, Mr. Jordan agreed that Mr. Gorin would speak to his Minister.

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By BKW NARA Date 7/26

RG 84

Entry Turkey Ankara
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Box 4

Rosenblatt, and Mr. Isaacs would speak to the Ambassador, thus advising them both of the situation. The Ambassador, thereupon, conferred with the Minister for Foreign Affairs and urged that the meetings be resumed, pointing out that it was in the best interests of Turkey that they be continued (Appendix 2). As a result of the Ambassador's suggestion, it was agreed to continue the meetings on the condition that they would be devoted to an exchange of information, particularly with regard to agreements reached with other nations and with civilians concerning Turkish claims against Germany and German assets in Turkey. Questions concerning Turkey's adoption of principles enunciated in other agreements, however, would not be discussed.

Accordingly, on June 16 the conversations were resumed. The five meetings through June 20 were devoted primarily to discussion of the Paris Separation Agreement, the accord concluded by the three Allied Governments with Sweden and Poland, and arrangements under consideration with other countries.

In the discussion of the Paris Separation Agreement, the Turkish representatives were interested in the following provisions:

1. The computation of "percentage share" in categories A and B referred to in Part I (1), as well as the explanation of Category A, which includes German external assets and all forms of reparation other than those specified in Category B (i.e. - industrial reparations and shipping). Mr. Bauer stated that prior to the Paris Agreement, the United States, Great Britain and France invited those countries which had directly participated with their arms against Germany or had sustained tremendous losses, to participate in a conference; at the same time they were asked to put in a statement of their war claims and of German assets subject to their jurisdiction. From these two statements and by means of a complicated method of computation, the percentage share of reparations to each country was calculated. At a later meeting Mr. Bauer furnished Mr. Arduin with a copy of Annex B of the Agreement, which outlined the categories of claim used in arriving at the percentage share in Category B. (See page 10). He further explained that the phrase "all other forms of German reparations" used in the definition of Category A included German external assets, since such assets were specified as a reparation item in the Paris Protocol.

2. Part I (3) (A) which provides that reparations provided will discharge all claims arising out of the war. Mr. Arduin drew Mr. Arduin's attention to Part I (3) (3) (1), which concerns the obligation of the appropriate authorities in Germany to ensure at a future date the discharge of claims against Germany and German nationals arising out of contracts and other obligations entered into before the existence of a state of war between Germany and the signatory governments. He stated that the settlement of pre-war losses and claims is an obligation which rests on the occupying powers of Germany and will be settled in the peace treaty. The allied representatives spoke here in the name of the occupying powers in Germany, and one other party compensation for certain types of claims or

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Authority NND 765029
By BMN NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

protectionist origin, which the signatory governments will probably never receive, and, at the same time, give Turkey assurances that in the peace treaty provisions will be made to hold Turkey immune to any action taken by a future German Government.

3. Part I (3) which provides that one signatory government shall not assert a claim against assets received as reparation by another signatory government. The Allied representatives assured Mr. Ismail, who had expressed concern that Turkey might not enjoy benefits similar to those of the signatory nations, that those benefits would be given to any nation upon its implementation a program relating to German assets which is in harmony with the programs of the signatory governments.

4. Part I (4) concerning German assets, especially the words "hold and dispose" and the phrase "in full discretion against specific items." The Allied representatives pointed out that all of the signatory countries must either sell or nationalize all German assets, and that in either event they must account to the Inter-allied Reparation Agency for the fair value of the assets after deducting only taxes, losses, expenses in administration, and claims attaching specifically to the particular property, such as mortgages.

5. Considerations regarding by the Conference (5) which concerns the equality of treatment of nationals of the signatory governments to compensation for war damages. In this connection it was evident that the Turkish representative's chief concern was the legal question involved in the compensation of certain political refugees from the Hitler states, now resident in Turkey, who have received Turkish citizenship. The Allied representatives explained that nationals of all countries signatory to the Paris Agreement are compensated on a basis of equality according to the validity of their claims. Damages directly attributable to the war are paid by the country in which the damage occurred and these countries, in turn, have a claim against Germany (except Bulgaria, Romania, Hungary and Italy, which did not pay for the damage but will not receive compensation from Germany). It was explained, moreover, that the Allies could never agree to a settlement by which refugees in Turkey would be accorded more compensation than those in other countries, since apparently all refugees have suffered equally and are entitled to compensation in proportion to their losses. In this connection, the Allied representatives called attention to Part I (5), providing for a fund out of German assets to aid non-warstricken victims of German aggression. It was explained that the thought behind Article 5 at the time of its drafting was that a fund should be set aside for the refugee, which fund was to be administered by the Inter-governmental Committee of Refugees. The Committee consisted originally of only those countries signatory to the Paris Agreement, but other countries, since, have become interested, and it is these latter countries which are contributing the twenty-five million dollars referred to in Article 5.

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Entry Turkey Ankara
Embassy
File 851.51
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-3-

Subsequently, Mr. Zorlu mentioned that the Turkish Government had refused the demarche of the Allied Governments concerning heirless assets, in which Turkey had been requested to make available for relief and rehabilitation of non-repatriable victims of Nazi persecution assets of victims of Nazi aggression who died without heirs. He stated that Turkish law does not provide for such situations, and furthermore, that such cases do not exist in Turkey. Mr. McCombe suggested that if large sums of money falling in this category are ever discovered, Turkish law should be amended and Turkey should accede to the Allies' request. Mr. Zorlu made no comment. He added, however, that the Turkish Government could care for refugees in Turkey, even though Turkey, for financial reasons, could not join I.R.C. Also that Turkey is considering accepting some additional refugees having special skills, such as scientists and engineers.

It should be noted that the Turkish representatives considered Part II, concerning the Inter-Allied Reparation Agency and Part III concerning the restitution of monetary gold as self-explanatory and therefore unnecessary of further elaboration. Moreover, no interest or concern with the provisions in the Paris Agreement specifically dealing with German assets in neutral countries was evinced by them.

Mr. Zorlu had in his possession the Swiss Accord and Annex and the letters exchanged between the Allied governments and the Swedish Government which have been published: the principle letter, and those concerning (1) repatriation of undesirable Germans, (2) withdrawal of the "black lists", (3) patents, (4) allocation of 50 million and 75 million kroner to the Inter-Governmental Committee on Refugees and countries signatory to the Paris Reparation Agreement, respectively, (5) compensation to German owners, and (6) transfer or sale of German property. In both agreements he was primarily concerned with the provisions therein for compensating the German owners in reichsmarks for their properties liquidated under the terms of the Accords. The Allied representatives pointed out that compensation to German owners was included in both the Swedish and Swiss agreements at the latter's request. The neutrals felt such a provision necessary to give them complete protection against future German claims, since they do not have belligerency as a justification for confiscation of German property. To Mr. Zorlu's inquiry whether the German owners would be compensated in marks, Mr. McCombe replied that before payment of any sort is made two factors must be considered: (1) the total amount of compensation to be paid, and (2) the prevention of inflation upon payment of the compensation. Payment presumably will be made in stages, but until the signing of the peace treaty, no compensation will be paid to the former German owners; in the interim credit accounts will be maintained for them.

Mr. Zorlu was also interested in the methods employed in arriving at the percentage out of German assets in Switzerland and Sweden allocated to the Allies (50 per cent and 75 per cent respectively). It was explained to him that both the Swedes and the Swedes advanced claims of astronomical figures, but

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Audit No NND 765029
By RHM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

that after careful examination by the Allies the claims had been scaled down greatly and that each country had received only a small percentage of compensation. Actual figures on claims which these countries submitted were not disclosed, since this is confidential information.

With regard to the letter on patents in the Swedish Agreement, the Turkish representative stated that his government has signed the London Patent Accord, to which the Allied representatives replied that there is no cause for disagreement among the governments on the patent question. Mr. Baker then added that Turkey could utilize German patents for the manufacture of certain products and that patents are a form of assets. Mr. Baker explained that patents have little sale value if thrown open to the public as provided in the London Accord. Furthermore, although patents may have an intrinsic value, they cannot be included in an estimate of assets, since no sale price or estimate thereof can be fixed.

At the conclusion of the conversations concerning the Sweden and Swiss Agreements, Mr. Baker inquired whether the negotiations with the Portuguese have been completed and whether agreements have been reached with Spain and with the Latin American countries, particularly Argentina.

He was informed that the Portuguese Agreement has been completed, although its terms must remain confidential for the time being. It is, however, based on principles similar to those in the Sweden and Swiss Agreements. Regarding the agreement with Spain, Mr. Baker stated that it is being evolved at the present time, although as early as July 1946, the Spanish Government agreed to cede to the Allies all German public assets, including diplomatic property and semi-public German corporations. Discussions with the Latin American countries are now being conducted; Latin America is being dealt with as a unit rather than on a country-to-country basis. It is anticipated that the final agreement will, however, conform to those made with other nations and will provide for a reasonable settlement of appropriate Latin claims out of German assets and the surpluses of the surplus for relief and rehabilitation of countries which were devastated or depleted in resources by the war.

The four meetings from June 23 through July 9 were concerned with conversations regarding the settlement of Turkish claims against Germany and amounts of German assets in Turkey. In previous meetings there had been much discussion, particularly with reference to the Turkish Government's first reservation in its note of September 23, of the Turkish position that claims of the Turkish Government and its nationals must receive complete satisfaction before any consideration could be given to the Allied request of making a portion of German assets in Turkey available to the devastated areas. The Turkish representatives maintained their position throughout the meetings. In addition, they stated that the relationship between assets and claims has already been established. If there are less assets than claims, the claims will be settled on a percentage basis; but if there are more assets than claims the excess

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DECLASSIFIED	RG 84
AUTHORITY NND 765029	Entry Turkey Ankara
B7A NARA Date 7/26	File 851.51
	Box 4

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-15-

will be given to the United Nations. A Claims Commission will be set up by the Turkish Government for the express purpose of studying claims, and the Commission, after careful research, will accept only those claims which it believes merit compensation. In the meantime some creditors have already been paid. (1)

The Allied representatives argued that German assets in various countries cannot begin to cover claims of the respective governments. Claims of each government must be weighed carefully and the non-warlike ones, such as pre-war War I debts must be omitted, while certain others must be scaled down. Governments have recognized the fact that other countries devastated by the war have claims of equal importance to their own, and therefore a pool has been established into which assets are placed. They pointed out that Turkey should not ask compensation out of all proportion to her losses, and gave as an example the United States, whose war claims against Germany amount to approximately \$120,000,000,000 and who expects a maximum figure of \$100,000,000 from reparation, or approximately one-tenth of one per cent satisfaction of her claims.

In the course of these discussions, Mr. Borlu argued that Turkish property destroyed during hostilities but located outside of Germany should be compensated out of German assets. The Allied representatives insisted that such a position would not be proper. The various European governments have generally agreed to the principle of equality of treatment of claims of foreign nationals for property destroyed during the war. Thus, for example, if Turkey should seek compensation out of German assets in Turkey for property destroyed in England, she would necessarily be in the position of not accepting the "equality of treatment" principle agreed to by England and other nations, or she would receive dual compensation for her losses.

During the conversations relevant to the Paris Reparation Agreement, particularly Annex B, Mr. Baker suggested to Mr. Borlu, in view of the fact that the majority of items in Annex B are not applicable to Turkey, that he consider submitting to the Allied representatives Turkish claims in three categories: (1) Damage to and loss of property directly attributable to the war, (2) commercial and financial claims arising out of or during hostilities, (3) commercial and financial claims of pre-hostilities origin. At a subsequent meeting, Mr. Borlu furnished the Allied representatives with a statement of Turkish claims in the amount of TL 110,607,723 (Appendix 3). This figure represents the first item of Mr. Baker's suggested categories and includes 1160 claims, of which 511 are private and 61 governmental (Items 2 and 3). The claims are estimated at the 1944 rate of exchange between the piastre and the lira. Mr. Borlu emphasized that the claims have not been investigated and evaluated; consequently the total amount may be smaller than actually shown. He pointed out also that an estimate of destruction of Turkish diplomatic property is not included in this

Statement . . .

(1) This statement appears inconsistent with the statement of the Foreign Minister, Hasan Inan, who in his conversation with Ambassador Wilson asserted that "not one cent" has been paid to Turkish claimants. (See Appendix 2).

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Entry Turkey Ankara

By BM NARA Date 7/12/6

File 551.51

Box 4

SECRET

-11-

statement. In this connection, Mr. Karlu stated that only property destroyed in Germany should be included and that destruction of property located elsewhere, such as Vienna, Warsaw, and the Balkans, in which places Mr. Karlu had stated the destroyed properties were situated, is a matter of settlement between the Turkish Government and the government of the cities of the property.

In the meeting of June 26, Mr. Karlu gave the Allied representatives a revised statement of Turkish claims (Appendix 4) amounting to TL 2,936,180,620. This, so far as he knew, is the most accurate statement of Turkish claims which can be furnished at the present time. Item 1 consists of budgetary costs which Turkey attributes to the war against Germany, computed on the increase in the budget for the national defense during the period 1939-1945 inclusive, using 1939 as the base year. (Copy of this computation attached as Appendix 5). At a previous meeting Mr. Karlu had suggested that an assertion of this claim might receive sympathetic consideration, at least by the American Government, as analogous to the economic theory on which the present Aid Program to Turkey is based. It was pointed out to Mr. Karlu that the Allies in all their discussions with other countries have limited budgetary claims to the actual period of hostilities — i.e. from the formal declaration of war to the German surrender — and that appropriations for defense during neutrality have been disallowed. Turkey, in other words, might have a valid claim for budgetary expenses for the three months from February to May 1945, which include her active participation in the war. Mr. Karlu replied that Turkey's case is distinguishable by her proximity to the German army during her period of neutrality. No definite position, however, was taken on either side, it being agreed that this was a question of principle and hence to be decided in the negotiations at a future date. It should be noted, nevertheless, that the Turkish budget is for the fiscal year July 1 to June 30; thus the 1945 budget became effective July 1, 1945 and covered a period subsequent to the cessation of hostilities. With this consideration in mind, Mr. Karlu agreed to strike the 1945 figure.

Item 2 represents certain British and German armament loans. Item 3 refers to two bridges located near the junction of the Turkish, Bulgarian and Greek borders. Mr. DeGarde pointed out that unless there is actual proof of German bombing, this claim must be disallowed. Item 4 represents the purchase price of the destroyed ships, and item 5 is the total of claims included in Mr. Karlu's first statement (Appendix 3). To the Allied representatives inquiry as to whether any of the above claims were duplicated in the clearing account (see page 2) Mr. Karlu replied in the negative, though there may be a remote possibility.

In view of the fact that at an early meeting Mr. Karlu had informed the Allied representatives that it would be more time before figures on German assets in Turkey could be assembled and in view of the urgency of completing the major part of the discussions before the departure of Mr. Karlu for Geneva and Mr. Baker for Washington, the latter furnished Mr. Karlu a copy of a statement on German assets compiled from the records in the American and British Embassies, totalling some TL 74,000,000.

(Appendix 6)

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By BMH NARA Date 7/26

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84

Entry Turkey Ankara

Embassy

File 851.51

Box 4

(Appendix 6). Mr. Baker explained that it is submitted to him only and asked that it be regarded as confidential.

After reading the statement, Mr. Lorin started asking for identification of specific items and whether he could be given the names and addresses of all the holders of assets listed in the statement. Mr. Lorin replied that it would not be appropriate for the Allies to give such information at this time, but that after Turkey has taken its census of German assets, they will be given to the Allies in full possession. Mr. Baker added that this is consistent with the agreement reached regarding one of the earlier Turkish representations to the effect that census and identification of assets is the sovereign responsibility of the Turkish Government.

To Mr. Lorin's inquiry as to whether this is a complete list of all German assets in Turkey, Mr. Baker replied that it is incomplete, but that eventually the Allies will be able to furnish the Turkish Government with rather accurate figures taken from the direct declarations of German nationals in Germany regarding their assets in Turkey and that quite probably some of the declared assets will not be revealed in the Turkish census.

Mr. Lorin also briefly commented that the refrigerator cars and some of the rolling stock should not be included in the estimate, because they will, in all probability, be returned to Germany; his office recently received such a report from the E.O.I.I.C.

Consequently, Mr. Baker highlighted, Director General of the Third Department, who took Mr. Lorin's place in the meeting of July 2, because of the latter's departure for Geneva, gave the Allied representatives figures (Appendix 7) concerning German assets in various Turkish cities, which he received from the Minister of Finance, totalling L 7,600,236. German diplomatic and consular properties are included in the foregoing amount. To this figure should be added the balance of the Turkish-German clearing account in Germany's favor, which had been described in detail by the representatives of the Central Bank of Turkey in the meeting of July 2, amounting to L 10,521,722. Thus the total figure for German assets in Turkey was given as L 18,121,958.

Mr. Ahal, principal assistant of Mr. Lorin in earlier meetings, then stated that the Government does not consider that the figure represents all German assets in Turkey, the assets of the insurance companies and banks are not included. Turkish law does not permit a verification of the extent of German assets, nor the placing of these assets into a custom fund (i.e., liquidation) at the present time. Following the enactment of the law under consideration in the National Assembly, definite figures will be furnished the three Governments, but until that time is reached it is believed that no new figures on German assets will be forthcoming. He concluded by remarking that he believes the Allies now have in their possession all information which the Turkish Government is able to give them, and that the present conversations should terminate unless the Allied representatives have further questions.

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DECLASSIFIED	RG 84
Authority NND 765029	Entry Turkey Ankara
By BKM NARA Date 7/26	File 851.51
	Box 4

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-13-

There remained to be settled, however, the gold question. Prior to Mr. Zorlu's departure, the Allied representatives requested that he arrange a meeting between them and an officer of the Central Bank of Turkey in order to exchange information concerning purchases of gold made by Turkey during the war. It was pointed out to him that the Bank might be very helpful to the Allies in their effort to trace gold looted by the Germans from nations under German occupation, and subsequently sold to a third country.

In the meeting of July 2, Mr. Ustuklighil informed the Allied representatives that it would not be possible to hold any conversations with officers of the Central Bank. He said that the Turkish Government will, however, consider any information which the Allies wish to furnish indicating that Turkey may have looted gold. Mr. Baker replied that, in his opinion, such a procedure does not seem the proper approach to the question. He pointed out that Turkey stated her adherence to the principle of restitution of looted gold in September 1945, when she was admitted to the International Bank and Monetary Fund. Thus, the Allies are not raising any question of principle. There does, however, remain the question of fact — namely, did Germany dispose of any looted gold to Turkey? The answer to this question can be found in only two ways: (1) the records of the Reichsbank are shipped to Turkey and then compared, page by page, with Turkish holdings of gold; this method is physically impossible. (2) The Turkish government gives the Allies a description of her gold acquisitions from Germany from 1940 to February 1944. This data is then compared with the Reichsbank records and consultation is held with the Turkish Government on any items which appear questionable. Accordingly, Mr. Baker gave Mr. Ustuklighil a statement of the precise information which the Allies desired. (Appendix A). In so doing he emphasized that the Allies are not attempting to obtain confidential information concerning Turkey's gold position, but rather are asking for information of the type which they have requested and received from nations in the world which purchased any gold from Germany during the war years.

At the final meeting on July 9, Mr. Ustuklighil stated that he has arrived at the conclusion that there is no looted gold in the Central Bank and that the Bank made no transactions whatsoever involving looted gold. To the Allied representatives' inquiry of how Mr. Ustuklighil could make a definite assertion when he does not have the records of the Reichsbank, the latter reiterated his statement and asked that it be recorded as his "conviction". Mr. Baker then asked if this meant that the request for information on gold acquisitions by Turkey is definitely refused and added that if Mr. Ustuklighil rejects the Allied request, he is placing Turkey in the position of being the only country in the world which has not furnished such information. Moreover, since at the previous meeting he had not inquired whether Turkey had looted gold, but rather had asked for specific information on gold acquisitions, he cannot consider Mr. Ustuklighil's reply as responsive to his question. Mr. Ustuklighil again repeated his "conviction" that Turkey had no looted gold, and added that this is a "roundabout" reply to Mr. Baker's question. He stated that Turkey has its own means of checking on looted gold, and that its experts are as well-qualified as those of any other nation.

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Box 4

At this point, it became apparent that further discussions with Mr. Goldsmith would be unavailing. Accordingly, on July 11, the British Ambassador, Sir David Kelly, spoke to Baron Jahn, the Foreign Minister, pointing out to him that the quantity of an opportunity to exchange information which might aid in tracing monetary gold of those countries who were possessed of such gold under the German occupation, had recently been accorded the three governments by governments and Central Banks of other nations. His Baron Jahn assured the Ambassador that the information requested would be given the allied representatives as soon as possible. In addition to Baron Jahn's assurance, Mr. Kelly gave Mr. "Major" whom he met in Rome, every indication that the gold information would be forthcoming at an early date. (See Appendix 9).

After a month of repeated inquiries to the Foreign Office concerning the gold information requested, all of which were to no avail, since the representatives of the Foreign Office stated that they had not as yet received the information from the Ministry of Finance, it was deemed advisable for the three governments to present jointly a note to the Turkish Government, indicating all nations which had been discussed and agreed upon by the four governments during the course of their conversations. It was planned to present this note early in August in the hope that the International Assembly, convened on August 25, could take action with respect to the requests made by the Allies in their joint note. During the summer session, thus opening the way for final negotiations to effect substitution of the whole program before the end of the year.

Originally the three governments had planned to include in the note reference to the specific case of gold which they believed looted by Germany from the Bank of Belgium and subsequently purchased by the Turkish Government or the Central Bank. Since no compensation concerning gold had taken place, however, it was felt that a general statement regarding the restitution of looted gold would suffice, especially as Mr. "Major" had stated in informal discussions with Major, Jenkins and later that Turkey would effect restitutions of all looted gold in her possession.

The note as presented (Appendix 10 - including French official text) on August 12, 1947, requested the Turkish Government to acknowledge publicly to the three allied governments: the Inter-allied Declaration on the date of dispossessions of January 5, 1942; the Gold Declaration of February 11, 1946, and Notice Note Resolution VI, to provide restitution of property to victims of German aggression to effect restitution in London, Paris or New York to the three governments for the amount of those countries occupied by Germany during the war, of monetary gold of which they were possessed and of any other monetary gold demonstrated to have been looted by Germany and acquired by Turkey. (In this connection claims shall be urged which have not been presented by the three governments on behalf of such countries within six months of the date upon which the understanding came into effect. However, the government of Turkey is held harmless from any claims arising from transmission by or for the account of the Central Bank of Turkey to third countries of any gold in respect of which restitutions shall have been made.) to require all personal, real and juridical,

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DECLASSIFIED	RG 84
Authority NMD 765029	Entry Turkey Ankara
By BKA NARA Date 7/26	File 851.51
	Box 4

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-15-

subject to the jurisdiction of the Turkish Government to declare to the Government before October 15, 1947 German property in their possession; to bring within the present blocking provisions of Turkish law such German property declared to the Government; to take title to, sell, or transfer to suitable non-German interests all German property of whatever nature; to require all persons, real and juridical, subject to the Turkish Government's jurisdiction to declare before October 15, 1947 all claims against the former German state or its nationals; and to make no disposition of the proceeds of liquidation of German property in settlement of Turkish claims pending final agreement on this subject with the three governments. Conversations for the purpose of arriving at such an agreement will be initiated following the receipt of declarations of German assets and Turkish claims, and in any event, not later than December 1, 1947.

Although Mr. Loria has expressed confidence that the settlement of this program will occur before the end of the year, it should be noted that the National Assembly which convenes on August 15, will be in session for only an estimated two weeks and will be largely preoccupied with internal political matters. This may have no opportunity to pass the legislation which is implicit in the acceptance by the Turkish Government of the note. In that event, such legislation will have to await the following session of the assembly, opening the beginning of November, with the result that the Turkish Government may be unable to supply definitive information on German assets and Turkish claims in time to effect final settlement of the program before 1948.

Ankara, Turkey
August 12, 1947.

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Authority NND 765029
By PHM NARA Date 7/26Entry Turkey Ankara
Embassy

File 851.51

Box 4

MEMORANDUM

Enclosure No. 6 to Dispatch No. 1762 dated August 12, 1947,
Ankara, Turkey, subject: "Conversations concerning German
Assets and Related Subjects between Representatives of the
Turkish Government and Representatives of the United States,
United Kingdom, and France and Final Report Thereon."

MEMORANDUM

The following items are arranged in alphabetical order. The subjects listed were discussed or touched upon during the meetings held from June 2 to July 7, 1947 between representatives of the three Allied Governments on the one hand and representatives of the Turkish Government on the other. All dates refer to the minutes of the meetings; on the date specified, page numbers refer to the particular page of the minutes in which the subject is discussed. Subjects are cross-indexed for greater facility of reference.

Advances by Turkey to three Allied Declarations (British Goods Resolution VII; Gold Declaration, February 22, 1946; Inter-Allied Declaration, January 5, 1946)

(a.) General

June 2, p. 1
June 3, p. 5
June 4, pp. 2, 4-5, 7
June 9, pp. 1-4
June 20, pp. 2-3

(b.) British Goods Resolution VI

June 2, p. 1
June 9, p. 1
June 20, pp. 2-3

(c.) Gold Declaration of February 22, 1946

June 20, p. 2

(d.) Inter-Allied Declaration on Anti-Sabotage
of May 1946, January 5, 1947 (June 20, p. 2)(e.) Note from Embassy to Foreign Office,
March 27, 1946.

June 2, p. 3
June 3, p. 1
June 4, pp. 1-4
June 9, p. 4
June 20, p. 3

(f.) Note from Foreign Office to Embassy,
September 30, 1946.

June 2, p. 2
June 3, p. 2
June 4, p. 1
June 9, p. 2
June 14, p. 1

(g.) ~~Notes~~

348070

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Authority NND 765029
By BHM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

- 1 -

- (a.) Note from Embassy to War Dept. Office, April 18, 1947 June 9, p. 6
- (b.) Observations (Turkish Government) to three Allied Declarations June 1, pp. 1-2
June 3, pp. 3-5

Agreements Concluded or Under Negotiation by Three Allied Governments with:

- | | |
|-------------------------------|--|
| (a.) Latin American Countries | June 20, p. 6 |
| (b.) Portugal | June 20, p. 2 |
| (c.) Spain | June 20, p. 2 |
| (d.) Sweden | June 18, p. 6 |
| (e.) Switzerland | June 19, pp. 1-3
June 18, p. 4
June 20, pp. 1-4
June 20, p. 2 |

All Progress - United States to Turkey June 9, p. 4
June 17, p. 3

Assets (German) in Turkey

- | | |
|--|--|
| (a.) Treatment Loan - Krupp bonds | June 9, p. 3
June 23, p. 1
July 1, p. 3 |
| (b.) Assets - statistics | June 4, pp. 4, 6
June 7, pp. 1-5
June 17, p. 1
June 20, p. 2
June 23, pp. 1, 3-4
June 26, p. 1
July 1, pp. 1-3
July 9, pp. 1-2, 4 |
| (c.) Ratio | June 20, pp. 1, 3
July 9, pp. 1-3 |
| (d.) Clearing Account (Turkish-German) | June 16, pp. 1-4
June 17, p. 1
June 23, p. 1
June 26, pp. 2-4
July 2, pp. 1-4 |

- | | |
|---|--|
| (e.) Diplomatic and Consular Properties | June 20, pp. 1, 3
June 23, p. 2
July 9, pp. 1, 4 |
|---|--|

- | | |
|--------------------------|--------------|
| (f.) Insurance Companies | July 9, p. 3 |
|--------------------------|--------------|

(g.) Railroads...

348071

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File 851.51
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REF ID: A6515

-3-

(a.) Railroad cars, rolling stock,
Railroad bondsJune 20, p. 3
June 21, p. 3
July 1, p. 3

Allocation of Share from German Assets to Allies

June 4, p. 3
June 7, p. 6Allocation of Share from German Assets to Non-Cooperating
Victims of German Actions (See Refugee and War Reparation
Agreement)Inner 3, Paris Separation Agreement (See Paris Separation
Agreement)

Armaments loans - (See (a) Assets (German) in Turkey)

Bank (German) - (See (a) Assets (German) in Turkey)

Sizing of German Assets

June 3, p. 4
June 4, p. 6
July 9, p. 4

Bank (German) - (See (a) & (g) Assets (German) in Germany)

Bretton Woods Settlement VI - (See (a) & (b) Adherence by Turkey...)

Budgetary Expenditures (Turkish) Allocatable to the War - (See (a)
Claims (Turkish against Germany))

Census (Russian, of German Assets)

June 29, p. 4

Claims (Turkish against Germany)

(a.) Budgetary Expenditures (Turkish)
Allocatable to the WarJune 17, p. 3
June 26, pp. 1-2

(b.) Claims, Settlement of Turkish

June 3, pp. 5-6
June 4, pp. 1-2, 6
June 9, pp. 2-3
June 14, pp. 2-4
June 17, pp. 2-3
June 18, pp. 1-3
June 19, p. 3
June 20, pp. 1-2
June 21, pp. 1-4
June 26, pp. 1-2
July 2, pp. 1-3

(c.) Claims - Statistics

June 4, p. 7
June 7, p. 2
June 16, p. 2

(c.) Cont'd.

REF ID: A6515

348072

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84

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- 4 -

(c.) Continued...

	June 10, p. 1
	June 19, p. 2
	June 20, p. 3
	June 23, pp. 1-2
	June 26, pp. 1-3
	July 1, p. 2
<u>Claims Commission (Turkish)</u>	June 4, p. 1
<u>Clearing Account (Turkish-German) - (See (d) Assets (German) in Turkey)</u>	
<u>Clothing of German Assets</u>	June 3, p. 4
	June 9, p. 1
<u>Compensation in Reichsmarks to German Owners of Liquidated Properties</u>	
	June 19, pp. 1, 3
	June 20, p. 2
<u>Contributions (Turkish) to Devastated Areas - (See Allocation of Share from German Assets to Allies)</u>	
<u>Cooperation with Allies on Liquidation - (See Exchange of Information)</u>	
<u>Declarations, Three Allied - (See Assurance by Turkey...)</u>	
<u>Diplomatic & Consular Property - (See (e) Assets (German) in Turkey)</u>	
<u>Disposition of Assets (German)</u> (See also Liquidation of German Assets)	June 3, pp. 1-6
	June 4, pp. 1-2, 5, 7
	June 5, pp. 1-5
	June 13, p. 4
	June 3, pp. 2-5
<u>Dutti Retribution</u>	
<u>E.C.I.T.O. - (European Central Island Transportation Organization)</u> (See (c) Assets (German) in Turkey)	
<u>Exchange of Information</u>	June 2, pp. 1, 2
	June 3, pp. 3-4
	June 9, pp. 3, 5
	June 15, p. 1
	June 26, p. 4
	July 9, p. 3
<u>Gold</u>	June 10, p. 3
	June 20, p. 2
	June 26, p. 4
	July 1, p. 4
	July 9, pp. 1-3
(See also Memorandum for the Ambassador of August 1, 1944.)	
<u>Gold Declaration of February 21, 1944 - (See (a) & (e) Assurance by Turkey...)</u>	
<u>Refugee Assets - (See Refugees)</u>	
<u>Insurance Companies (German) - (See (f) Assets (German) in Turkey)</u>	

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- 3 -

Inter-Allied Declaration on Axis Assets of Dispossession, January 5, 1943 - (See (a) & (d) Adherence by Turkey...)

Inter-Allied Reparation Agency (IARA) June 3, pp. 1-6
June 4, p. 2
June 13, p. 4
June 16, pp. 1-3

Inter-Contested Conference & Related Problems June 3, pp. 1-5

International Bank and Monetary Fund, Turkish Admittance to June 24, p. 4
July 2, p. 4

International Refugee Organization (See Refugees)

Krupp Bonds - (See (a) Assets (German) in Turkey)

Latin America - (See (a) agreements - Concluded or Under Negotiation...)

**Law regarding German Assets proposed to National Assembly
(See also Memorandum for the Ambassador of August 1, 1947)** June 4, p. 5
June 9, p. 1
June 16, p. 2
June 20, p. 3
July 9, p. 4

Liquidation of German Assets June 3, pp. 1,2-4, 6
June 4, pp. 1,5,7
June 9, pp. 1-4
July 9, p. 4

Looted Gold - (See Gold)

Looted Property (See Restitution of Looted Property)

Non-Zeppelinalic Victims of German Action, Fund for - (See Refugees)

**Note from Embassy to Foreign Office, March 27, 1946 - (See (c)
Adherence by Turkey...)**

**Note from Foreign Office to Embassy, September 23, 1946 (See (?)
Adherence by Turkey...)**

Note from Embassy to Foreign Office, April 12, 1947 (See (c) Adherence by Turkey...)

Paris Reparation Agreement

June 4, pp. 2-3
June 9, p. 2
June 14, pp. 1-5
June 17, pp. 1-3
June 18, pp. 1-4
June 19, pp. 2-3
June 24, p. 2

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- 6 -

Patents and Trademarks	June 19, p. 3 June 20, p. 1
Peace Treaty with Germany	June 9, p. 3 June 16, p. 2 June 19, pp. 1,3
Portuguese Agreement (See (b) Agreements Concluded or Under Negotiation)	
Protocol Protocol	June 9, p. 5 June 16, pp. 1,4 June 17, p. 1
Property (Turkish) in Germany	June 9, pp. 2-3
Property, Looted (See Restitution of Looted Property)	
Railroad Cars & Rolling Stock (See (g) Assets (German) in Turkey)	
Refugees (See also Paris Separation Agreement)	June 16, p. 1 June 16, pp. 2-4 June 19, pp. 1-2
Reparations (See Paris Separation Agreement)	
Reservations (Turkish Government) to Three Allied Declarations - (See (h) Adherence by Turkey ...)	
Restitution of Looted Property (See also Adherence by Turkey...)	June 3, pp. 1-2 June 9, p. 1 June 16, p. 3 June 17, p. 3 June 20, p. 3 June 23, p. 1
Spanish Agreement - (See (e) Agreements Concluded or Under Negotiation...)	
Swedish Agreement - (See (d) Agreements Concluded or Under Negotiation...)	
Swiss Agreement - (See (e) Agreements Concluded or Under Negotiation...)	
Switzerland - (See Patents and Trademarks)	

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CMEMORANDUM FOR THE FILESCONFIDENTIAL

September 29, 1947

I have spoken to Eric Lingeman, Pat Reid, and M. Barelier, advising them that M. Hasan Saka had informed the Ambassador that the legislation pertaining to German assets and claims in Turkey had not been passed at the short session of the Assembly which opened on August 25 and which adjourned on September 6, but that M. Saka was hopeful that the legislation could be taken up when the Assembly reconvenes in November.

Both the British and French Embassies had received instructions from their governments to impress upon the Foreign Office the desirability of passing this legislation at the short session. In view of the adjournment of the Assembly, however, it was obvious that no action could be taken by them, and they are merely repeating to their governments the information which M. Saka passed on to Mr. Wilson. They indicated that they would urge their Ambassadors to impress upon the Foreign Minister whenever suitable the desirability of passing such legislation as soon as possible after the Assembly opens in November.

C.R.M.
C. R. M.

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Box 4*feel**Douglas W.*

Paraphrase of telegram from the Department.

The French Embassy in Washington several days after February 20 stated that France was behind ~~opposition~~ *in position* and the Department therefore is at a loss as to why Paris has not issued instructions to the French Embassy in Ankara. Our Embassy in Paris has been told to ask the French Foreign Office to take action at once and to call attention to the urgency and importance the Department places upon the negotiations which have been proposed. The instructions to Paris also expressed hope that negotiations can begin in April. The American Embassy in Ankara will probably be assisted by technical advisers provided by the Department.

If there is any further delay in delivering the notes you should report that fact promptly. As a matter of information for this Embassy, the Department states that any delay in delivering the notes or beginning discussions may be embarrassing especially since in answer to an inquiry from the Senate the Department said it was hoped negotiations could be begun the latter part of April. In answer to a specific request, the Department said that evidence received recently as a result of investigation of the records of the Reichsbank in Berlin disclosed that the Central Bank of Turkey acquired 3.5 million dollars of gold from Germany which had looted it in Belgium. No publicity regarding this gold is contemplated by the Department which prefers that the matter come up in the course of the negotiations. Nevertheless, if the matter of this gold claim should become known you may tell the Turks of the basis for the statement and say that in the forthcoming discussions, the matter will be discussed.

10/4/47

*Opposition to Turkey — who
has reported substantial
losses of war against
Greece & France.
I should be informed.*

COUNSELOR FOR EAST
AFFAIRS

APR - 10 1947

American Embassy
Ankara, Turkey

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~~Secret~~

Mr. Robert Moore

Many thanks.

45-51000
✓

See

Please hold

December 9, 1947

available for
possible future
reference

FROM: C. Robert Moore
 SUBJECT: Looted Gold and German Assets

I am enclosing herewith an undated letter which I have just received from George Baker on looted gold and German assets, which I believe may be of interest to you in light of recent developments.

I would appreciate your returning the letter at your convenience.

CRM
C.R.M.

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Box 4ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.DEPARTMENT OF STATE
WASHINGTON**AIR MAIL****SECRET**

Dear Bob:

Your letters of November 3 and November 7 reached me today. I was very pleased to receive your helpful information on the subject of German assets and looted gold, and I offer my comments as a possible interest and assistance to you.

I have frequently been approached on this subject by various offices of the Department and by our British and French friends, and I have never been able to explain the obvious failure of the Turks to live up to their oral commitments. I can cite the promise given by the Foreign Minister to supply the requested information concerning Turkish acquisitions of gold from Germany and the assurances given me by Zorlu during my last interview with him in Rome. The only explanation which I have been able to think of is that someone in a high position in the government is blocking the fulfillment of what apparently were sincere promises given by the officials with whom we have talked. However, the report from Istanbul, enclosed with your letter, gives some hope that the Turks are at last moving.

Both the British and French have been considerably exercised by the Turkish attitude. The French called some weeks ago and asked that we agree to instruct our representatives in the International Bank to refuse any loan application which Turkey might make until she had given us the requested gold information. The British made similar representations and went further in proposing that we raise with the Board of Directors whether Turkey in fact is entitled to retain her membership in the International Bank and Monetary Fund. After consultation with the appropriate officers, I replied that we would raise the question when and if Turkey made a formal application for a loan.

The two governments later stated their concern with current dispositions of gold held by Turkey in the U. S. We replied that this gold had been earmarked and on deposit in the U. S. since 1939 and that the Gold Declaration did not require that we refuse to permit Turkey to sell such gold in order to acquire dollars. However,

348079

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- 2 -

we invited Yazici, Financial Counselor of the Turkish Embassy here, to call. I reminded him of our request for gold information and of the Turkish assurances that it would be forthcoming. We issued a polite but firm warning that if Turkey should exhaust her present gold stocks in the U. S., this Government doubtlessly would refuse to purchase any gold from Turkey and would attempt to block any attempt by Turkey to dispose of gold in foreign countries. We stated that this was a friendly warning, and that we should very much regret if this matter should place Turkey in an embarrassing position and occasion an economic embarrassment by precluding her from acquiring dollars for her vital imports. Yazici replied that we would report these views to Ankara and urge that the information be supplied. He added that to his knowledge Turkey had bought about 5-1/2 million dollars worth of gold from Germany and that even if all of this were proven to be looted, its restitution would not work a substantial hardship on his country. In parting, he asked whether Turkey would have any claim against Germany for this looted gold. Ambassador Wilson raised this question with me in Ankara, and I stated that I thought it advisable to answer it when and if raised by the Turks. The question having been raised by Yazici, I faced it by pointing out that neither Switzerland nor Sweden (both of which have made restitution of large amounts of gold) asked for compensation. I added, however, that if Turkey should strongly request compensation, I personally would favor permitting her to assert a claim against German assets subject to her jurisdiction, provided that the gold claim was included in the total of her claims against Germany but without the assertion of any special priority.

More recently the British Embassy here submitted to us the text of a draft note which the Foreign Office proposes for presentation by the British Ambassador at Ankara. We made several alterations in the note, to which the British Foreign Office has since stated its agreement. As soon as French concurrence is received, the British Ambassador will be instructed to present it. I am enclosing herewith a copy of the text of the note as agreed with the British. You will observe that the note mentions specific amounts of gold. This in itself is a revision of the policy which I had recommended during my stay in Ankara. As you may know, we made a tactical error in our conversations with the Swiss and Swedes by showing our hand early in the talks on gold with the result that we are now precluded from forcing the Swiss to disgorge 130 million dollars in looted gold discovered subsequent to our signing an agreement with them. Had we insisted that the Swiss give us a complete description of their gold acquisitions from Germany, this error would never have been made. However, something must be done to settle the gold issue with the Turks and I now believe

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- 3 -

that the best way to force the issue is to confront them with a definite statement of our evidence as to their holdings of looted gold. I would not recommend this if it were not for the urgency which the Department attaches to the settlement of the gold problem. Mr. Lovett has repeatedly instructed all of the officers in the Department concerned with the gold question to do everything possible to obtain at the earliest possible moment all known looted gold. His instructions are based on the urgent desirability of obtaining this gold for distribution to the devastated European countries as an aid to their economic recovery and currency stabilization.

I can appreciate your concern as to the handling of technical conversations with the Turks on this question. Anything to do with gold always proves complicated, and I must confess to a great ignorance. None of our missions has felt competent to handle the intricacies of the looted gold problem without such assistance from the Department or Treasury. In implementation of Mr. Lovett's ~~rowing~~ orders, I have initiated a proposal for establishing a "gold team", consisting of two American experts on gold and the restitution problem. The American members would be from the Department and the Treasury. We would also require that the British and French designate qualified representatives. The team would attempt to resolve, within a period of approximately four months, all of our outstanding European problems, including Turkey. I shall let you know of the fate of my proposal. (~~Obviously, I would not be - and a team~~)

Turning now to the general question of liquidation and disposition of German assets, I assume that you have seen the Department's telegram of today asking that the three missions urge early action in the Assembly. The reasons for urging that the Turks conduct a census of assets and all claims against Germany and of establishing machinery for liquidation of German assets are, of course, the same as those which prevailed during my visit to Ankara. I anticipated that Zorlu would go to Havana for the ITO. However, I am not recommending that we request his presence in Washington. Last summer I thought that if the assembly had taken action and had gathered the necessary information, it might be helpful to have Zorlu visit us here for the purpose of discussing a final settlement on the claims and assets. Since the assembly did not act, I have nothing new to discuss with the gentleman. However, the Legal Advisor for Economic Affairs, Seymour Rubin, is thoroughly familiar with the German assets program. He is in Havana as Legal Advisor to Mr. Clayton and will no doubt meet Zorlu. He will have a little talk with him on our business.

With regard to your letter of October 7, McCombe had previously written me concerning the Krupp Bonds. He feels we should use this

348081

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31 BM NARA Date 7/26

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- 4 -

information as a lever in prodding the Turks to come to a settlement promptly on the disposition of assets. I do not agree. I feel that we should hold this information until we again sit around a table with the Turks and try to strike a balance between claims and assets. Personally - and strictly confidentially - I am not at all optimistic as to our chances of getting any money from Turkey. I am undertaking a general reconsideration of our policy insofar as it relates to obtaining German foreign assets from non-neutral for distribution to third countries, and I shall advise you of the progress of my discussions. They have not reached the point where any conversations can be held with our British and French friends, both of whom, I fear, will be very annoyed. Briefly, I am coming to the view that we are not going to get any money except from Sweden, Spain, Switzerland and Portugal; that the assets in the other countries are too insignificant to warrant our creating irritation on the subject, with the possible exception of Argentina and Turkey. The latter two countries, I feel, must be treated almost identically, and since the Department is showing little willingness to press Argentina, I am taking the position that we are not justified in pressing the Turks. I should appreciate your not revealing my views to anyone except the Ambassador and Ed Lawson. Incidentally, I did mention this opinion to Ed when he called at my office.

In conclusion I regret to report that Bob Donhauser and family sailed for Stockholm on the 14th and presumably are now learning Swedish. Bob was one of the bright spots of the office and we miss him very much. I suspect him, however, of causing us an inconvenience. I gave him the negatives of many of the photographs I took in Turkey including those of your wedding. I recall that he returned a bundle of negatives to me, but I have been unable to find anywhere those of that great day in July. I shall continue to search and report my findings. I shall also answer in the next few days your nice personal letter to me and make a settlement of my accounts.

Please give my very best regards to the Ambassador and Ed Lawson and my other friends in the Embassy and assure them that I shall ever remember their great kindness to me during those happy days in Ankara.

With very best wishes to you and Joann,

Sincerely yours,

Enclosure:

Note on looted gold
(duplicate)

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Commercial Department,
 British Embassy,
 Ankara.

Z25/87/47

20th December, 1947.

Dear Bob,

Here is the revised second page of our draft Note Verbale about looted gold. I sent it back to London on Thursday. I showed it to my Ambassador yesterday and he approved. I am now going to leave a copy of the revised draft with the French Embassy, asking for comments.

Yours sincerely,

John
 Mr. C. R. Moore,
 U. S. Embassy,
 Ankara.



348083

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Page 2 (revised)

Union or gold bars which demonstrably were minted from such coin) delivered to the Turkish authorities by Swiss officials who then had charge of German affairs.

The Ministry will recall that in July last, during the conversations which were held in Ankara between representatives of the Government of Turkey on one hand and of the Governments of the United States of America, the United Kingdom and France on the other, the request was made that the Turkish Government exchange information with the other Governments on gold acquired by it from Germany from 1940 to February 1944.

The
His Majesty's Embassy regrets that the Turkish authorities have not yet supplied information on this subject or agreed to the request made last July. Nevertheless the Embassy has been informed that an examination of German records which the three Governments have in their possession shows definitely that looted gold was transferred to Turkey by Germany. This evidence is consistent with the proofs of a planned and systematic programme of looting by Germany, which evidence has been tested and accepted by other Governments and Central Banks.

They wish now to suggest, on behalf of the nations despoiled of monetary gold, that action should be taken to restore the 249 bars or the gold equivalent thereof known from an examination of German records to have been looted from the Belgian National Bank and of any additional looted gold acquired by the Central Bank of the Republic.

The Government of the United States
His Majesty's Government proposes therefore that there be a conference of representatives of Turkey, the United States, France, and the United Kingdom for the purpose of determining the amount of additional looted monetary gold subject to restitution.

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January 3, 1948

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Memorandum

To: The Ambassador
From: Mr. Lawson
Subject: Turkish Note on German assets.

I am enclosing for your approval a draft telegram to follow up our telegram of January 1 on the Turkish reply to our August 12 note on German assets. The British Ambassador is in agreement, but, unfortunately, Mr. Maugras is in Istanbul and Mr. de la Sabliere, whom Mr. Muntz saw this morning, did not feel in a position to agree on behalf of the French to our proposals before consulting Mr. Maugras.

Incidentally, we learned through Mr. Muntz that the British Ambassador called on Fuat Cerim yesterday morning on another matter and took the opportunity to indicate to Fuat Bey that he felt his Government would be very much disappointed with the Turkish reply, adding that the Turkish statements on restitution of gold acquired in good faith seemed to nullify the Declarations to which the Turks were willing to adhere.

Fuat Bey indicated that he hoped that the three Governments would not press the matter as, while the amounts involved for Turkey might be important, they would be insignificant if distributed to other countries. (It is not clear whether he was referring to looted gold only, or to German assets in general.) Fuat Bey further indicated that the Council of Ministers in approving the reply were somewhat influenced by the fact that countries such as Albania were represented in the Conference on Reparations, for example, while Turkey was not.

Mr. Muntz also had a conversation with Usakligil yesterday. Usakligil gave Mr. Muntz the idea that the Turks

... felt...

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- 2 -

felt that we wanted all of the German assets in Turkey and did not plan to leave any for Turkish claims. Mr. Muntz pointed out that this was not at all borne out by the agreement concluded with Switzerland, Sweden and Portugal. This position on the part of Usakligil is, of course, ridiculous, as our representatives during the conversations of last July spent considerable time in discussing at least the Swiss Agreement, a copy of which the Turks had in their possession.

We understand that M. Maugras will be back in Ankara on Monday or Tuesday. He has already been sent a copy of the Turkish reply but M. de la Sabliere is not sending him anything further regarding our ideas, in view of his anticipated early return.

E. B. L.

ccm/jca

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Commercial Department,
British Embassy,
Ankara.

19/6/48.

5th January, 1948.

Dear Bob,

When I talked to M. De la Sabliere, the French Counsellor, on Saturday he was not, of course, willing to say anything without consulting his Ambassador. He did, however, say à titre personnel that he thought our suggestion was rather dangerous. He said that the Turks have not yet signed Bretton Woods and that if we pushed them too hard before they have, they won't. His theory therefore - and he emphasized that it was his purely personal theory - was that we should be wiser to reply to the Turkish Note now very shortly and very politely, saying we were rather surprised we did not quite understand, and was it not a fact that they meant to sign Bretton Woods? We should like to know fairly soon because other things had to be considered - this last, of course, would be a crack at the loan they want to get from you people.

My feeling about this, and also my Ambassador's, is that it is a nice little idea but that it won't get us any further because the Turks are already well warned and are not exactly innocent children in this kind of thing. Their announcement that they will adhere to Bretton Woods will therefore be worded in such fashion that they have all the cover they want, however much they may lie.

Yours sincerely,

Mr. C. R. Moore,
U. S. Embassy,
Ankara.

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(a) (1)

Ankara, January 10, 1948

No. 2131

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Turkey and has the honour to refer to the Ministry's Note No. 97575-139 of August 15, 1947 and the Embassy's Note No. 1667 of August 12, 1947, delivered to the Ministry in concert with the Embassies of the United Kingdom and of France, in which reference was made to the restitution to its owners of looted property, including monetary gold.

The principle of restitution of looted property is set forth in Resolution VI of the Conference of Bretton Woods and the acceptance of that principle by the Government of Turkey rests upon the unity of Turkey with the United Nations and its membership in the World Bank as much as upon assurances given by the Ministry to

the Embassy

The Ministry of Foreign Affairs,
Ankara.

348088

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-2-

the Embassy of the United States and the Embassies of the United Kingdom and France. The Embassy of the United States, therefore, upon instructions from the Department of State, has the honour to suggest that consideration should be given by the Government of Turkey as soon as possible to the carrying out of the spirit and terms of that Resolution in relation to the monetary gold which, according to information in the hands of the Government of the United States, came into the possession of the Central Bank of the Republic of Turkey and is looted gold of which certain of the occupied countries in Europe were despoiled by Germany.

On behalf of Belgium, the primary victim of German spoliation in the matter of monetary gold, the Government of the United States in association with the Governments of the United Kingdom and France has evidence that there has come into the possession of the said Central Bank 249 bars of gold. They would wish also to see enquiries made into the nature, and subsequent history, of some 32,000 coins and 243 miles of gold ingots (mainly monetary gold of the Latin Union or gold bars which demonstrably were minted from such coin) delivered to the Turkish authorities by Swiss officials who then had charge of German affairs.

The Ministry . . .

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-3-

The Ministry will recall that in July last, during the conversations which were held in Ankara between representatives of the Government of Turkey on one hand and of the Governments of the United Kingdom, United States of America and France on the other, the request was made that the Turkish Government exchange information with the other Governments on gold acquired by it from Germany from 1940 to February 1944.

The Embassy of the United States regrets that the Turkish authorities have not yet supplied information on this subject or agreed to the request made last July. Nevertheless the Embassy has been informed that an examination of German records which the three Governments have in their possession shows definitely that looted gold was transferred to Turkey by Germany. This evidence is consistent with the proofs of a planned and systematic programme of looting by Germany, which evidence has been tested and accepted by other Governments and Central Banks.

The Embassy wishes now to suggest, on behalf of the nations despoiled of monetary gold, that action should be taken to restore the 229 bars of gold (or the gold equivalent thereof) known from an examination of German records . . .

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DECLASSIFIED	RG 84
August 1976 NMD 765029	Entry Turkey Ankara
By BM NARA Date 7/26	File 851.51
	Box 4

-4-

German records to have been looted from the Belgian National Bank and of any additional looted gold acquired by the Central Bank of the Republic.

The Government of the United States proposes therefore that there be a conference of representatives of Turkey, France, the United Kingdom and the United States for the purpose of determining the amount of additional looted monetary gold subject to restitution.

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	Box <u>4</u>

E.C.

Traduction non-officielle

Ankara, le 10 janvier 1948

No. 2131

L'Amphassade des Etats-Unis d'Amérique présente ses compliments au Ministère des Affaires Etrangères et a l'honneur de se référer à la Note du Ministère No. 97575-139 du 15 Août 1947 et à la Note de l'Amphassade No. 1667 du 12 Août 1947 remise au Ministère d'accord avec les Ambassades du Royaume-Uni et de la France, notes dans lesquelles il étais question de la restitution à ses légitimes propriétaires des objets pillés, or monétaire inclus.

Le principe de la restitution des objets pillés est énoncé dans la Résolution VI de la Conférence de Bretton Woods et l'acceptation de ce principe par le Gouvernement Turc repose sur l'unité de la Turquie avec les Nations Unies et sa participation à la Banque Mondiale comme aussi sur les assurances données par le Ministère à l'Amphassade des Etats-Unis d'Amérique et sur Ambassades du Royaume-Uni et de la

Le Ministère des Affaires Etrangères,
Ankara.

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Authority NND 765029
By BFM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-2-

et de la France. En conséquence l'Ambassade des Etats-Unis, sur instructions du Département de l'Etat, a l'honneur de suggérer que le Gouvernement Turc donne aussitôt que possible son attention à la mise en pratique de l'esprit et des termes de cette Résolution au sujet de l'or monétaire qui, d'après les information reçues par le Gouvernement des Etats-Unis, est venu en possession de la Banque Centrale de la République de Turquie et est de l'or pillé dont certains pays occupés en Europe ont été spoliés par l'Allemagne.

Pour le compte de la Belgique, principale victime du pillage Allemand, en ce qui concerne l'or monétaire, le Gouvernement des Etats-Unis, en association avec les Gouvernements du Royaume-Uni et de la France, a des preuves que 249 barres d'or sont en possession de la Banque Centrale. Il souhaiterait aussi que des enquêtes fussent faites sur la nature et l'histoire subséquente de quelque 32.000 pièces et 243 Kilos de lingots d'or (principalement de l'or monétaire de l'Union Latine ou des barres d'or qu'on peut

348093

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Authority NWD 765029
By BM NARA Date 7/26RG 84
Entry Turkey Ankara
File 851.51
Box 4

-3-

qu'en peut démontrer avoir été fabriquées avec de telles pièces) qui ont été remis aux Autorités Turques par les fonctionnaires Suisses, alors en charge des affaires Allemandes.

Le Ministère se rappellera qu'en Juillet dernier pendant les conversations tenues à Ankara entre les Représentants de la Turquie d'une part et les Gouvernements du Royaume-Uni, des Etats-Unis et de la France d'autre part, la demande fut formulée que le Gouvernement Turc voulut bien échanger des informations avec les autres Gouvernements au sujet de l'or qu'il a acquis de l'Allemagne entre 1940 et Février 1944.

L'Ambassade des Etats-Unis regrette que les Autorités Turques n'aient pas encore fourni d'informations à ce sujet ou accepté la demande formulée en Juillet. Néanmoins l'Ambassade a été avisée qu'un examen des archives Allemandes que les trois Gouvernements ont en leur possession montre sans conteste que de l'or pillé a été transféré en Turquie par l'Allemagne. Ce témoignage s'accorde avec les preuves d'un pillage prémedité et systématique

348094

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AUGUST 1976 NDA 765029	Entry Turkey Ankara
B7M NARA Date 7/26	File 851.51
	Box 4

-4-

systématique par l'Allemagne et il a été vérifié et accepté par d'autres Gouvernements et Banques Centrales.

L'Ambassade se permet maintenant de suggérer, au nom des nations spoliées de leur or monétaire, qu'une action soit entreprise pour restituer les 249 barres (ou leur équivalent en or) qu'en sait par l'examen des archives Allemandes avoir été pillées à la Banque Nationale de Belgique et tout or pillé additionnel acquis par la Banque Centrale de la République.

Le Gouvernement des Etats-Unis propose en conséquence qu'il se tienne une conférence de Représentants de la Turquie, de la France, du Royaume-Uni et des Etats-Unis dans le but de déterminer le montant d'or monétaire additionnel pillé sujet à restitution.

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Box 4

MEMORANDUM

CONFIDENTIAL

January 13, 1948

To: The Ambassador

From: C. Robert Moore

Subject: Looted Gold

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(a-10)
Ad
He might ask
for Bank details
about if any
JL

Discussed by Ergin
with Sait
JL

I had an interesting conversation last night with Sait Ergin, Director General of the Treasury Department, Ministry of Finance, on the question of looted gold.

I mentioned to Sait Bey that a note had just been presented to the Ministry by the three Embassies requesting the restitution of certain looted gold held by Turkey and urged that the matter be settled promptly in view of the unfavorable impression that had been created by Turkey's reluctance to discuss gold acquisitions while certain of our experts were here last summer. Sait Bey said that there was no secret about Turkish gold acquisitions and that he understood that the Turkish Financial Counselor in Washington had given details to the State Department about five tons of gold which Turkey had acquired from Switzerland during the war and which had been transported to Turkey through German territory. Therefore, he had considered that our request for information had been complied with. He stated that during the war, Turkey had built up certain Swiss franc balances in Switzerland and also certain Swedish crown balances, convertible into gold. It had given orders to the Swiss Bank to convert these balances into gold and to send it, approximately five tons, to Turkey. As the gold had to pass through German territory, it was necessary to request permission of the German Government and for the latter to arrange for transportation. This was done and the five tons of gold were received in Istanbul, the Turks paying transport charges to the Germans.

According to Sait Bey, the books of the Swiss Bank should reflect this transaction. He admitted, however, that he could not categorically state that the Germans may not have substituted other gold for the five tons of gold which left Switzerland but as far as the Turks are concerned, it is the gold sent by Switzerland. It was quite clear, however, that if the gold were looted gold, Sait Bey did not consider it subject to restitution.

C. R. M.

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MEMORANDUM

February 12, 1948

To: E.B. Lawson

From: C.R. Moore *Cler*

Subject: German Assets Program

There are several points in the attached "Agreement on Reparation from Germany" and "Military Government -- Germany, United States Area of Control, Law No. 59, Restitution of Identifiable Property" which relate directly or indirectly to our negotiations with the Turks on German assets and looted gold.

1. Article 6A of Part I of the first document reads as follows:

"Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the German former owners of such assets)."

This indicates clearly that Signatory countries are recognized as having the right to dispose of German enemy assets within their jurisdiction to accomplish certain purposes without outside supervision. However, Article 6B provides that the Signatory Governments shall give to the Inter-Allied Reparation Agency "all information for which it asks as to the value of such assets and the amounts realized from time to time by their liquidation".

2. Article 6C reads as follows:

"German assets in those countries which remained neutral in the war against Germany shall be removed from German ownership . . .

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Authority NMD 765029
By BMN NARA Date 7/26RG 84
Entry Turkey Ankara
File Embassy 851.51
Box 4

-2-

German ownership or control and liquidated or disposed of in accordance with the authority of France, the United Kingdom and the United States of America, pursuant to arrangements to be negotiated with the neutrals of these countries. The net proceeds of liquidation or disposition shall be made available to the Inter-Allied Reparation Agency for distribution on reparation account."

Judging from our request of the Turks on German assets, we are treating Turkey as a neutral country. Not having been invited to participate under the Agreement and no provision apparently existing now to make possible its participation as a Signatory Country, Turkey can well appear offended at receiving treatment similar to that accorded neutrals. From a practical viewpoint, even if Turkey had participated in the conference leading to the formulation of the Agreement, it is doubtful that it would have been satisfied with anything less, as its proportionate share, than the bulk of German assets in Turkey.

3. With reference to the restitution of gold, Article 1G of Part III provides that any monetary gold recovered from a third country to which it was transferred from Germany shall be distributed in accordance with the arrangement for the restitution of monetary gold found in Germany. The preceding paragraphs of the Article indicate that each country will be given a share of the restituted gold proportional to the amount of gold belonging to it and looted by Germany. Consequently, the Belgium gold, the restitution of which we have requested from the Turks, will presumably be distributed proportionately among all of the countries from which gold has been looted by Germany, and not to Belgium alone.

4. With reference to Law No. 59, I note several provisions dealing with the restitution of identifiable property to persons who were wrongfully deprived of such property for specific reasons during a specific period and while the law applies only to areas of Bavaria, Bremen, Hesse, Wuerttemberg-Baden, the provisions reveal interesting points on property acquired in good faith.

Article 19 . . .

348098

DECLASSIFIED	84
Authority NMD 765029	Entry Turkey Ankara
By BMN NARA Date 7/26	File 851.51
	Box 4

-3-

Article 19: "Except as provided in Articles 20 and 21, tangible personal property shall not be subject to restitution if the present owner or his predecessor in interest acquired it in the course of an ordinary and usual business transaction in an establishment normally dealing in that type of property....."

Article 20: "Money shall be subject to restitution only if at the time he acquired the money the restitutor knew or should have known under the circumstances that it had been obtained by way of confiscation."

Article 21: "Bearer instruments shall not be subject to restitution if the present holder proves that, at the time he acquired the instrument, he neither knew nor should have known under the circumstances that the instrument had been confiscated at any time. Unless special circumstances indicate otherwise, good faith shall be presumed within the scope of this provision, if such property was acquired in the course of ordinary and usual business transactions, especially on the stock exchange, and if the transaction did not involve a dominant participation."

The Turks claim unofficially that the gold, the restitution of which we are requesting, resulted from the conversion of their balances in a Swiss bank into gold which was forwarded to Turkey and that they had no knowledge of it being looted gold. If Law No. 59 were to apply to this case, Articles 19, 20 and 21 might well justify the claim of the Turks that their gold acquired in good faith is not subject to restitution.

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(a)(10)Items of Possible Interest to The AmbassadorLaw No. 59 - Military Government - Germany.

Although this law affects only the restitution of identifiable property in the U.S. Area of Control, it reveals certain general principles acceptable to the U.S., - especially with respect to property acquired in good faith.

Article 1, Page 1.

Basic principles - in general acquisition in good faith does not protect the present holder of property.

However:

Article 19, Page 9, excepts, under certain conditions certain tangible personal property acquired in the course of an ordinary and usual business transaction;

And:

Article 20, Page 9 subjects money to restitution only if the restitutor knew or should have known it had been obtained by confiscation.

And:

Article 21, Page 9 exempts bearer's instruments from restitution if the holder can prove that he acquired them in good faith, i.e., generally in the course of ordinary business.

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	File 851.51
	Box 4

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-2-

The Turks claim unofficially that the gold, the restitution of which we are requesting, resulted from the conversion of their balances in a Swiss bank into gold which was forwarded to Turkey and that they had no knowledge of it being looted gold.

E.S.b

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Mr. Garrison
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footnote pg 2
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9/1.3 - German Assets

Items of Possible Interest to the AmbassadorFile 7C 851.51
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for
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✓Page 13, Article 6-A.

This would seem to give some support to the Turk's idea that they should exercise the right to charge legitimate contract claims against the total German assets in Turkey. However, Article 6-A may limit this operation to charging the claims against assets of German former owners and to operations by signatory governments. The principle seems to be in favor of affecting claims against assets without interference from other powers.

Article 6-B.

This calls for availability of assets information to Inter- Allied Reparations Agency by signatories of Agreement.

Article 6-C.

This refers to neutrals only and cannot be invoked with regard to belligerents. Not being invited to this Conference and then being treated as a neutral seems a bit hard for the Turks to take. Our approach was not on the grounds that she fell in the neutral country class, but on the basis of the practical advantages, such as they were, of the Turk's collaborating with the other co-belligerents and obtaining a final "clean bill of health" from the Inter- Allied Reparations Agency, with respect to German assets in Turkey.

also saved Turkey fr. claims by Germany in future peace treaty
Jan

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Entry Turkey Ankara
File 851.51
Box 4CONFIDENTIAL

-2-

Page 28, Article G.

- X This means that any looted gold held by Turkey in good faith (for example - Belgian gold) would be thrown in a pool, part of which would be subject to claims by Albania and other countries, the participation of which might be distasteful to Turkey.

Page 27, Article D:

Provides for the eventual participation of countries not represented at the Conference. But under the conditions such as those set down above, and the requirement that detailed and verifiable data be submitted to the U.S., France and Great Britain, Turkey may understandably be reluctant to be an eventual participant, or agree to these measures as a non-participant. Perhaps we can find a way to permit Turkey to meet her obligations under Bretton Woods, etc., without following the strict provisions of an agreement to which she is not a party.

E.A.L.

- X This art. refers to gold transferred (directly?) from Germany to a 3rd country - If Belgian gold was transferred from Germany to Switzerland & then sent by letter to Turkey no conversion of Turk balances in Swiss bank would this art. apply?

Even

I believe so. In this case however, the physical transfer is believed to have been made from the Reichsbank in Berlin after a ground arrangement.

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Authority NWD 765029	Entry Turkey Ankara
BY BMN NARA Date 7/26	File 851.51
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American Embassy

Ankara, February 26, 1948

PERSONAL AND SECRET

Dear George:

I have read with very much interest your letter of February 6, 1948, concerning the disposition of German assets in Turkey and our note to the Turkish Government on looted gold, which remains as yet unanswered.

You have been most helpful in explaining the kind of policy which you believe we should now adopt and especially the relationship that policy should bear to the looted gold question. Your comments have been of considerable assistance to us in our efforts to visualize clearly the two problems, following the Department's fruitless attempt to obtain the use of German assets from Latin American countries for relief and rehabilitation. I shall be most interested in learning of developments in connection with your recommendation that we request the British and French to agree to abandon any further efforts to obtain any portion of the German assets in Turkey. If that recommendation is accepted and we ultimately inform the Turks, in reply to their note of December 30, that we accept their offer to place at the disposition of the three Allies any surplus of assets over claims, the action will be virtually completed.

I have noted your recommendation that we continue to press for a settlement of the looted gold question and the possibility that we might utilize the decision to retreat from our position on the assets as a means of inducing the Turks to make full restitution of looted gold. I am not very confident that this will be an effective inducement. Once it is evident that we are "softening" in our assets policy, the attitude of the Turks, who are, as you know, strongly of the opinion that they should not

release . . .

George W. Baker, Esquire,
Acting Associate Chief,
Division of Occupied Areas Economic Affairs,
Department of State,
Washington, D. C.

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Embassy
File 851.51
Box 4SECRET

-2-

release any gold obtained in good faith and in conjunction with normal business transactions, can be expected to stiffen. Perhaps we should give careful thought to our position with regard to looted gold, in the face of the expected strong opposition from the Turks, before we insist that they accept our viewpoints. Perhaps we should be in a position to demonstrate to the Turks that all the Allies who have accepted the principle of restitution of looted gold are following exactly the action which we are requesting of them. In any event, we shall review this problem once the new policy has been established with regard to German assets and have received the Department's recommendations regarding the looted gold note.

I presume that by this time you have returned from your vacation in Florida. I was sorry to hear of your illness and hope that you have fully recovered. I understand that Fatim Zorlu has just returned to Turkey after the very extended session of I.T.O. in Havana, where you expected to see him.

Sincerely yours,

EBL:os

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By BMH NARA Date 7/26

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MEMORANDUM

April 15, 1948

To: Mr. Edward B. Lawson
Counselor of Embassy for Economic Affairs

From: C. Robert Moore
Second Secretary of Embassy

Nahit Alpar, Assistant Director General of the Treasury,
commented on the following:

(1) Sait Ergin was recently approached informally by a U.S. Treasury official who warned him that Turkey had better settle the problem of the looted gold which it holds or difficulties might be encountered in obtaining a loan from the International Bank. Nahit Bey is working on this problem now. He stated that there were two categories of gold: (1) German gold turned over to the Turks by the Swiss Legation comprising 32,000 coins and 243 gold bars which is kept in a safe-deposit box at the Central Bank and which will, of course, be turned over to the appropriate authorities when requested; (2) gold which the Turks obtained directly from Germany. Nahit Bey explained that the Turks had Swiss franc balances in Switzerland which they converted into gold to be shipped to Turkey. However, they were unable to insure such a shipment and the Germans then suggested that the Turks turn over to them their gold in Switzerland and the Germans, in turn, would ship an equivalent amount of gold from Berlin to Turkey. This was done, as we know from the records of the Reichsbank. Nahit Bey naturally feels that considering the circumstances, the Turks should not be obliged to restitute this gold.

I pointed out to him that I thought it most desirable for the Turkish Government to submit a reply on this gold transaction, and that there would be no reason for the Turks, in this reply, not to emphasize the reasons why they felt they should not be obliged to restitute the gold. A formal reply would at least give the authorities concerned an opportunity to study the Turkish position and to work out a settlement, whereas, the present situation in which we have asked the Turks to supply information on looted gold we know they have, without receiving a reply is most unsatisfactory and prejudicial to Turkey. Nahit Bey seemed to agree with this and to indicate that a reply would be forthcoming soon.

Sait ...

348107

DECLASSIFIED
Authority NND 765029
By BLH NARA Date 7/26

RG 84
Entry Turkey Ankara
File 851.51
Box 4

-2-

(2) Sait Ergin has approached the International Bank to discuss a loan for Turkey but the Ministry of Finance does not yet have any details of the discussions.

(3) The Ministry has not received any further details on the EGP Credit other than that it is expected that Turkey will receive a \$10,000,000 credit for the three months beginning April 1. Nahit mentioned that a committee to work on EGP problems had now been set up in the Foreign Office under the chairmanship of Fuat Carim. Nahit is the representative of the Ministry of Finance.

(4) The Federal Reserve Credit has been paid down to about \$10,000,000. The Turks will soon sell some 9 tons of gold to liquidate the loan entirely.

C. R. M.

CRM/fno

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