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Department of State

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FROM: AMEMBASSY, BONN
RPTD INFO: AMEMBASSIES LONDON and PARIS, LUXEMBOURG FOR ECSC
ND: G-132 AUGUST 22, 1958

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Ref Department's airgram G-39, Embtel 27, and Emb desp 131.

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In meeting on August 19 with British and French representatives on AHC Law 27, British representative informed us his Government had now come to following conclusions: (a) It will probably be impracticable for Fed Rep to furnish acceptable progress report data on Vereinigte Stahlwerke prior to the expiration of the terminal dates for Krupp January 31 and March 15, 1959; (b) UK Government would like to avoid creation of a Mixed Committee to consider application for extension as required by Article I, Chapter One, of Settlement Convention signed in Paris October 23, 1954; (c) Prompt action, in no case later than end of October, will be required to avoid creation of such a Mixed Committee.

UK, therefore, proposes that Krupp case be handled separately and exchange of letters be effected with Fed Rep having purpose of releasing Fed Rep from Settlement Convention obligations insofar as Krupp is concerned. Similar release with respect to Vereinigte Stahlwerke would be effected whenever final progress report received and accepted by Three Powers.

British further said that they would circulate the draft of a letter in reply to the Chancellor's letters to Dulles, McMillan and Mollet of February 1957, for discussion among the Embassies.

With respect to Dept's G-39, French representative said no further word had been received from Paris in addition to that already reported Embtel 27. French Rep, however, plans personally visit Paris within a week and carry with him draft letter along lines UK suggestion and obtain definitive French Govt views at that time.

Drafted by: ECON:EBGetzin *EB* Submittal transmission and AUTH: ECON:Henry J. Tasca

Comments: COORD:PA/L - Mr. Waldstein *W*
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Embassy continues feel it would be most undesirable to handle Krupp case separately. We do not share British view that it will be impracticable for Pod Rep to give the desired information prior January 31, 1959. When we asked Foreign Office for this information on July 21, we gained impression that Foreign Office would be able to give a report containing at least some of the information desired and intended to do so in a relatively short time. Therefore, we indicated to British that for the time being we perceive no necessity of preparing separate action on Krupp. We intend to talk to Foreign Office about this matter before the end of September if no report received by that time.

BRUCE

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