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TEXT

TAGS: EFIN, PREL, UK, FR, GM, BE

SUBJECT: TRIPARTITE GOLD COMMISSION - RECOVERY OF TWO GOLD BARS IN THE BUNDESBANK

REF: A) BRUSSELS 1791 AND PREVIOUS

1. CONFIDENTIAL - ENTIRE TEXT. CLASSIFIED BY ELY MAURER, ASSISTANT LEGAL ADVISOR, REASONS 1.5 (B) AND (D).
2. THIS CABLE CONTAINS AN ACTION REQUEST FOR EMBASSIES PARIS AND LONDON. PLEASE SEE PARA 5.
3. DEPARTMENT SHARES COMPLETELY EMBASSY BRUSSELS'S OBJECTIVE OF COMPLETING THE WORK OF THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD (TGC) AND DISSOLVING THE COMMISSION. COMPLETING THE TGC'D WORK WILL, INTER ALIA, PROVIDE MODEST ADDITIONAL FINANCIAL RESOURCES TO CENTRAL EUROPEAN AND BALKAN STATES -- AN IMPORTANT U.S. FOREIGN POLICY OBJECTIVE.
4. DEPARTMENT UNDERSTANDS TWO REMAINING MATTERS MUST BE RESOLVED BEFORE FINAL DISTRIBUTION OF THE TGC GOLD HOLDINGS CAN OCCUR: A) RECOVERY OF THE TWO GOLD BARS

CURRENTLY HELD BY THE BUNDESBANK; AND B) COMPLETION OF A COMBINED PRELIMINARY AND QUASI-FINAL DISTRIBUTION TO ALBANIA. SEPTEL ADDRESSES CURRENT ACTIONS TO PROCEED WITH THE ALBANIAN DISTRIBUTION. THIS MESSAGE ADDRESSES RECOVERY OF THE BARS HELD BY THE BUNDESBANK.

ACTION REQUEST  
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5. DEPARTMENT BELIEVES A JOINT DEMARCHE WITH THE FRENCH AND BRITISH GOVERNMENTS IN BONN AT A SENIOR LEVEL SEEKING RETURN OF THE TWO GOLD BARS HELD BY THE BUNDESBANK, EMPHASIZING THE RETURN OF WRONGFULLY-TAKEN GOLD AND POSSIBLE ADVERSE PUBLICITY IF A RETURN IS NOT MADE, IS TIMELY. ACCORDINGLY, EMBASSIES PARIS AND LONDON SHOULD SHARE THE DRAFT DIPLOMATIC NOTE LOCATED AT PARA 6 WITH RESPONSIBLE HOST GOVERNMENT OFFICIALS AND SOLICIT AT LEAST THEIR PRELIMINARY REACTIONS PRIOR TO THE TGC'S NEXT MEETING ON MARCH 13. THIS APPROACH IS BEING MADE DIRECTLY TO THE UK AND FRENCH GOVERNMENTS AS RECOVERY OF GOLD AND TRANSFER TO THE TGC GOLD POOL IS A FUNCTION OF THE THREE GOVERNMENTS. EMBASSIES SHOULD SUGGEST THEIR INTERLOCUTORS SHARE AT LEAST THEIR PRELIMINARY VIEWS WITH THEIR COMMISSIONERS IN BRUSSELS PRIOR TO THE TGC MEETING. EMBASSY BRUSSELS (THE U.S. COMMISSIONER) SHOULD SHARE THE TEXT OF THE NOTE WITH THE FRENCH AND BRITISH COMMISSIONERS.

DRAFT DIPLOMATIC NOTE

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BEGIN TEXT

(COMPLIMENTARY OPENING) AND HAVE THE HONOR TO REFER TO THE AGREEMENT ON REPARATION FROM GERMANY, ON THE ESTABLISHMENT OF AN INTER-ALLIED REPARATION AGENCY AND ON THE RESTITUTION OF MONETARY GOLD OF JANUARY 14, 1946, (THE 1946 PARIS AGREEMENT ON REPARATION) AND TO THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD.

THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD WAS ESTABLISHED IN 1946 UNDER THE PARIS AGREEMENT TO RESTORE TO CLAIMANT COUNTRIES MONETARY GOLD LOOTED OR WRONGFULLY REMOVED FROM THEM BY GERMANY AND LATER RECOVERED BY ALLIED FORCES OR RECOVERED FROM NEUTRAL NATIONS TO WHICH GERMANY HAD TRANSFERRED IT.

IN 1983, AS A RESULT OF AN INVESTIGATION BY TWO JOURNALISTS WITH "THE TIMES", IT WAS DISCOVERED THAT THE

BUNDESBANK HELD TWO GOLD BARS WEIGHING APPROXIMATELY 24.79 KILOGRAMS. SUBSEQUENT U.S. STATE DEPARTMENT INVESTIGATIONS REVEALED THAT THESE TWO GOLD BARS WERE DERIVED FROM GOLD BARS ORIGINATING WITH THE NATIONAL BANK OF BELGIUM. THE TWO BARS, BEARING "PREUSSISCHE STAATSMUENZE BERLIN" NUMBERS 905/8 AND 905/7 OF 1938, HAD BEEN RECOVERED IN 1945 FROM A GERMAN MILITARY FACILITY IN MITTENWALD AND TURNED OVER TO U.S. FORCES AND DEPOSITED IN THE MUNICH LANDESZENTRALBANK FOR SAFEKEEPING. THESE TWO BARS WERE PART OF A SHIPMENT OF 730 BARS TAKEN FROM BERLIN LATE IN THE WAR TO BAVARIA FOR SAFEKEEPING. THE OTHER 728 BARS WERE RECOVERED BY U.S. FORCES. THESE TWO BARS WERE APPARENTLY DIVERTED FROM THE SHIPMENT BY GERMAN PERSONNEL.

THE BARS IN QUESTION, AS STATED, DERIVE FROM BARS THAT ORIGINALLY BELONGED TO THE NATIONAL BANK OF BELGIUM. THESE BARS WERE OBTAINED BY GERMANY FROM THE BANK OF FRANCE IN 1942, THE BELGIAN AUTHORITIES HAVING TRANSFERRED THEM TO FRANCE IN 1940 FOR SAFEKEEPING. THEY WERE SUBSEQUENTLY RESMELTED, ALONG WITH OTHER NATIONAL BANK OF BELGIUM BARS, BY THE PRUSSIAN STATE MINT AND ASSIGNED NEW NUMBERS. THE FALSE 1938 DATE WAS ENTERED INTO THE MINT'S RECORDS AND MARKED ON THE BARS TO DISGUISE THE BARS' BELGIAN ORIGIN. THESE FACTS WERE ACCEPTED AS SUCH BY THE BUNDESBANK IN 1986.

SINCE THIS GOLD WAS, IN FACT, MONETARY GOLD IMPROPERLY TAKEN BY GERMANY FROM THE RESERVES OF THE NATIONAL BANK OF BELGIUM, IT PROPERLY FORMS PART OF THE GOLD POOL ADMINISTERED BY THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD. THE BUNDESBANK AND THE GERMAN GOVERNMENT AGREED IN 1987 THAT THE BARS' BELGIAN PROVENANCE HAD BEEN ESTABLISHED. THE BUNDESBANK AGREED TO DELIVER THE BARS FOR DEPOSIT IN THE GOLD POOL ADMINISTERED BY THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD, PROVIDED IT RECEIVED SATISFACTORY COPIES OF

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THE RELEVANT PRUSSIAN STATE MINT RECORDS AND A RELEASE BY THE THREE GOVERNMENTS FROM ANY OTHER CLAIMS AGAINST GERMANY WITH RESPECT TO THESE GOLD BARS.

COPIES OF THE PRUSSIAN STATE MINT'S RECORDS, ORIGINALLY SUBMITTED AS PART OF FRANCE'S CLAIM TO THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD, WERE PROVIDED TO THE BUNDESBANK AND ACCEPTED BY THE BUNDESBANK AS ADEQUATE DOCUMENTATION. THE ORIGINAL RECORDS OF THE PRUSSIAN STATE MINT FELL INTO SOVIET HANDS AT THE END OF THE WAR.

FURTHER, THE THREE GOVERNMENTS BELIEVE THAT NO SUCH RELEASE IS REQUIRED.

SIGNATORIES TO THE 1947 PARIS AGREEMENT ON REPARATION (PART III (B)) AGREED THAT THE PORTION OF MONETARY GOLD THUS ACCRUING TO EACH COUNTRY PARTICIPATING IN THE POOL SHALL BE ACCEPTED BY THAT COUNTRY IN FULL SATISFACTION OF ALL CLAIMS AGAINST GERMANY FOR RESTITUTION OF MONETARY GOLD. NO COUNTRY WHICH SIGNED THE 1946 PARIS AGREEMENT ON REPARATION CAN HAVE ANY CLAIM ON THE GOLD BARS IN QUESTION, INCLUDING FRANCE AND BELGIUM.

THE GOVERNMENTS OF FRANCE, THE UNITED KINGDOM AND THE UNITED STATES, MOREOVER, BELIEVE IT IS IN THE INTEREST OF GERMANY, AS WELL AS OF THEMSELVES, TO CONCLUDE THIS MATTER AS QUICKLY AS POSSIBLE. THE UNITED KINGDOM AND THE UNITED STATES HAVE SETTLED THEIR CLAIMS WITH ALBANIA. THE THREE GOVERNMENTS ARE NOW WORKING TO HAVE THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD DISTRIBUTE TO ALBANIA ITS SHARE OF THE GOLD POOL. ONCE THE DISTRIBUTION TO ALBANIA IS COMPLETED, THE THREE GOVERNMENTS INTEND TO INSTRUCT THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD TO COMPLETE ITS WORK AND DISTRIBUTE THE REMAINING GOLD HELD IN THE POOL. A FINAL DISTRIBUTION WILL NOT BE POSSIBLE UNTIL THE TWO BARS IN QUESTION ARE TRANSFERRED TO THE POOL.

IN ADDITION, THE FIFTIETH ANNIVERSARY OF THE 1946 PARIS AGREEMENT ON REPARATIONS HAS JUST BEEN OBSERVED. THE EXISTENCE OF THE TWO GOLD BARS AND THEIR CONTINUED RETENTION BY THE BUNDESBANK WERE MATTERS OF PUBLIC RECORD TEN YEARS AGO AND COULD AGAIN BE THE SUBJECT OF PUBLIC OR PRESS INQUIRY. THE GOVERNMENTS OF FRANCE, THE UNITED KINGDOM AND THE UNITED STATES DO NOT BELIEVE IT WOULD BE IN THE INTEREST OF ANY OF OUR GOVERNMENTS TO SEE THIS ISSUE AGAIN RAISED PUBLICLY MORE THAN FIFTY YEARS AFTER THE END OF THE WAR.

ACCORDINGLY, THE GOVERNMENTS OF THE UNITED KINGDOM, FRANCE AND THE UNITED STATES STRONGLY REQUEST THE MINISTRY OF FOREIGN AFFAIRS, ACTING IN COORDINATION WITH THE BUNDESBANK, AGREE TO TRANSFER PROMPTLY THE TWO GOLD BARS IN ITS POSSESSION, IDENTIFIED ABOVE, TO THE THREE GOVERNMENTS FOR DEPOSIT IN THE GOLD POOL ADMINISTERED BY

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THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY  
GOLD.

(COMPLIMENTARY CLOSE).  
CHRISTOPHER

ADMIN  
END OF MESSAGE

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