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VII-D-41

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DIVISION OF OCCUPIED AREAS
ECONOMIC AFFAIRS
DEPARTMENT OF STATE 1948
INCOMING TELEGRAM DEPARTMENT OF STATE

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ACTION COPY

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Fletcher

*TO OE, Baker
for action
O.F.F.*

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CONFIDENTIAL

Control 88

Rec'd January 1, 1948
4 p.m.

*DIVISION OF OCCUPIED AREAS
FN/ file / R. F. F.
JAN 2 / 1948*

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FROM: Ankara

DEPARTMENT OF STATE

TO: Secretary of State

OFFICE OF FINANCIAL & DEVELOPMENT POLICY

NO: 1, January 1, 10 a.m.

JAN 2 1948

Foreign Office note December 30 replying our August 12 (re Embassy's despatch 1791, August 12, 1946) rejects our basic suggestions, reiterating position taken Foreign Office note September 23, 1946 (re Embassy's despatch 1128, September 24, 1946).

Note considers that Turkey has shown good faith by subscribing to principles of declaration of London, gold declaration February 22, 1944, and Bretton Woods resolution No. 6 and that Embassy viewpoint regarding specification requested from Turkey under these three acts constitutes interference in matters exclusively subject to Turkish jurisdiction. Endeavoring to support this position note claims that under international law enemy property found in belligerent state is entirely subject to authority of that state which can accept no foreign interference. Note points out that Turkey not bound by international agreements which it had no part in framing.

Note agrees to:

One. Public adherence to three acts and putting into effect their principles.

Two. Restitution to legitimate owners of property looted by enemy and found in Turkey except where acquired in good faith and in conformity with national as well as international laws and regulations.

Three. Placing at disposition of three governments balance of sums realized from German assets after providing for all types of claims of Turkish Government and

Turkish

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VII D-4/2

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-2- #1, January 1, 1947 a.m., from Ankara

Turkish nationals including those derived from commercial transactions and contracts as well as losses and damages suffered from acts attributable to enemy. This is conditioned upon insertion special clause in peace treaties discharging Turkey from all responsibility to future German state arising out of liquidation and utilization of enemy assets.

Copy of note will be despatched earliest followed by any suggestions we consider helpful after consultation with British and French here.

In calling on Foreign Minister December 31 about another matter I took occasion speak of this note. I said I regretted position taken by Turkish Government and that it would be disappointment to my government. Re question looted gold, I said note seemed take position that if Turkey had acquired looted gold in good faith, then Turkey could not be expected retribute same. I said if this was really position Turkish Government it runs counter assurances given by Turkish representative talks last summer and counter accepted practice everywhere. I said I was confident Turkish Government would not wish maintain such point of view. As regards general question German assets I was confident Turkish Government would upon mature consideration not wish seek privileged position but would accept same principles as accepted by other United Nations. Sadak said he frankly had not studied these questions in detail as they had arisen before he took over Foreign Office. He said he was awaiting our further note dealing specifically with looted gold and soon as that received he would go into whole question himself.

Despite note's disappointing tenor, am hopeful further conversations with Foreign Minister and firm joint replies US, British and French Governments will bring more favorable consideration our points of view by Foreign Office.

Refer to Embassy's despatch 1788, August 12, 1947, enclosure 5 for Zerlu's assurances on looted gold.

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DIVISION OF OCCUPIED
ECONOMIC AFFAIRS
JAN 20 1948
DEPARTMENT OF STATE

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA
American Embassy

No. 3

Ankara, January 2, 1948

CONFIDENTIAL

Subject: Reply of Turkish Government to Note
Presented by the U. S. Embassy in
Conjunction with the British and French
Embassies, concerning the German Assets
Program in Turkey

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The Honorable,
The Secretary of State,
Washington.

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800-515/1-448

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Sir:

I have the honor to refer to Embassy's telegram No. 1,
dated January 1, 1948 summarizing the principal points of the
reply received from the Turkish Ministry of Foreign Affairs to
the Embassy's note, dated August 12, 1947, to the Ministry re-
garding the German assets program in Turkey. A copy of the
Embassy's note which corresponded to notes presented at the
same time by the British and French Embassies was enclosed with
Embassy's despatch no. 1791 dated August 12, 1947.

A copy of the Ministry's reply, dated December 30, 1947,
is enclosed herewith together with an unofficial translation
in English made by the Embassy.

Respectfully yours,

For the Ambassador:

DIVISION OF FINANCIAL AFFAIRS
FN
JAN 16 1948

DEPARTMENT OF STATE

800.515/1-248

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By WJW NARA Date 2/5/97

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VII D-4/4

Enclosure No. 1 to Despatch No. 3, dated January 2, 1948 from the American Embassy at Ankara, Turkey, entitled: "Reply of Turkish Government to Note Presented by the U.S. Embassy, in Conjunction with the British and French Embassies, concerning the German Assets Program in Turkey."

10 à annoncer publiquement son adhésion aux trois Actes;

22 à appliquer des mesures bien définies en vue de mettre en application les principes énoncés dans les trois Actes.

(COPY)

et prenant en considération le fait que le Gouvernement turc, par la Note en date du 12 Août 1947, sub No. 1667, l'Ambassade des Etats-Unis d'Amérique proposait à l'agrément du Gouvernement turc un projet d'accord par lequel ce dernier tout en annonçant son adhésion aux différents actes relatifs à la restitution des biens spoliés par l'ennemi et à la liquidation des avoirs allemands et japonais en Turquie prendrait certaines mesures bien définies pour mettre en application les principes de ces actes internationaux et conclurait un accord avec les Gouvernements américain, britannique et français en vue de disposer des produits de la liquidation desdits avoirs.

Le Ministère des Affaires Etrangères avait déjà fait savoir par sa Note en date du 23 Septembre 1946 sub No. 58701/172 à l'Ambassade des Etats-Unis d'Amérique que le Gouvernement turc était entièrement prêt à mettre en vigueur les principes émis par la Déclaration de Londres du 5 Janvier 1943, par la Déclaration sur l'Or du 22 Février 1944 et par la Résolution No. VI de Bretton Woods, en adhérant à ces trois Actes.

Le Gouvernement turc, en acceptant ainsi de restituer à leurs propriétaires les biens spoliés par l'ennemi et de procéder à la liquidation des biens ennemis, avait toutefois déclaré qu'il se considérait dans son droit le plus légitime de prendre souverainement et sans consultation aucune, telles dispositions qu'il jugerait utiles et nécessaires pour mettre en application les principes contenus dans les Actes susmentionnés et d'employer le produit de la liquidation en premier lieu à couvrir les créances et avoirs de toutes sortes du Gouvernement turc et des personnes physiques et morales de nationalité turque, y compris ceux qui proviennent des actes et contrats commerciaux ainsi que des dommages et pertes causés par des faits imputables à l'ennemi.

Or, par Sa dernière Note l'Ambassade des Etats-Unis d'Amérique semble ne pas prendre en considération les contre-propositions ainsi formulées par le Gouvernement turc et avance qu'il sera nécessaire d'entrer en pourparlers pour établir la manière de...

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By WFD NARA Date 2/5/97

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Enclosure No. 2 to Despatch No. 3, dated January 2, 1948 from the American Embassy at Ankara, Turkey, entitled: "Reply of Turkish Government to note Presented by the U.S. Embassy, in Conjunction with the British and French Embassies, concerning the German Assets Program in Turkey."

- 2 -

TRANSLATION

- 2) to apply well-defined measures to put into effect the principles set forth in the three Acts;

and, by its Note dated August 12, 1947, sub No. 1667, of the Embassy of the United States of America, proposed for the approval of the Turkish Government a draft agreement, by which the latter, while declaring its adherence to the various acts relative to the restitution of personal property looted by the enemy and to the liquidation of German and Japanese holdings in Turkey, would undertake certain well-defined measures to put into effect the principles of these international acts and would conclude an agreement with the American, British and French governments in order to dispose of the proceeds of the liquidation of the said holdings, after receiving the required declarations and in any case, not later than December 31, 1947. The Ministry of Foreign Affairs had already, by its Note dated September 23, 1946, sub No. 58701/172, informed the Embassy of the United States of America that the Turkish Government was entirely ready to put into force the principles set forth in the Declaration of London of January 5, 1943, in the Gold Declaration of February 22, 1944, and in Bretton Woods Resolution No. VI, in adhering to these three Acts.

The Turkish Government, thus agreeing to reconstitute to their owners property looted by the enemy and to proceed to the liquidation of enemy assets, had nevertheless declared that it considered it its most legitimate right to take, sovereignly and without any consultation whatsoever, such measures as it considered necessary and useful to put into effect the principles contained in the above-mentioned Acts and to use the proceeds from the liquidation in the first place to cover the credits and holdings of all kinds of the Turkish Government and of persons physically and morally of Turkish nationality, including those which result from commercial transactions and contracts, as well as from damage and losses caused by acts attributable to the enemy.

Consequently, the Ministry of Foreign Affairs hopes that now, by its last note, the Embassy of the United States of America does not appear to take into consideration the counter-proposals thus formulated by the Turkish Government and asserts that it will be necessary to enter into discussions to establish the manner in which the proceeds of the liquidation will be disposed of. to the Declaration to announce publicly its adherence to the Declaration

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By WFD NARA Date 2/5/97

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VII D-4/6

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- 2 -

- 3 -

2) to apply well-defined measures to put into effect the principles set forth in the three Acts; and regulations, national as well as international, and, taking into consideration the fact that the Turkish Government has already recognized the agreements concluded between other nations in regard to enemy holdings abroad, requested it not to dispose of the proceeds of the liquidation of German holdings in order to settle Turkish claims and losses, in the expectation of the conclusion of a final agreement on this matter which would be mediated between it and the governments of the United States, France and Great Britain. In the same Note, the Embassy had, moreover, requested that discussions for the purpose of reaching such an agreement be opened between the Turkish Government and the three above-mentioned governments, after receiving the required declarations and in any case, not later than December 1947. It is discharged of all responsibilities to the future German state resulting from the liquidation of the German Government of the Republic, which considers that it has proved its complete good will in agreeing to participate in the three Acts, and declares to its great regret that the point of view in which the Embassy persists is of a nature to constitute interference in affairs coming exclusively under Turkish jurisdiction. As soon as this Law is ratified by the Grand National Assembly, and to give all necessary effect, it is well established that enemy assets located on the soil of a belligerent depend entirely on the authority of the latter and no state can accept foreign interference in this domain.

It is upon taking into consideration of this basic conception of International Law that the Turkish Government had prepared the text of its first reply, subject of the Note dated September 23, 1946, sub No. 58701/172.

In addition, it would be impossible to hold the Turkish Government as bound by the terms of international Acts the working out of which it has not participated in.

Consequently, the Ministry of Foreign Affairs hopes that the Embassy of the United States of America will take into account the reasons which oblige it to maintain its point of view expressed in the above-mentioned Note and permits itself to bring once more to the Embassy's attention that the Turkish Government is disposed:

1) to announce publicly its adherence to the Declara-

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VIII D-4/7

DEPARTMENT OF
STATE

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy

- 3 -

No. 3

Ankara, January 2, 1948

CONFIDENTIAL

and regulations, national as well as international, cannot be subjugated to the terms of this paragraph, Presented by the U. S. Embassy in

3) to place at the disposal of the governments of the United States of America, France and Great Britain the remainder of the amounts resulting from the conversion of German holdings in Turkey, after having covered the credits and holdings of all kinds of the Turkish Government and of persons physically and morally of Turkish nationality, including those which result from commercial transactions and contracts, as well as from damages and losses caused by acts attributed to the enemy, on the condition, however, that the aforementioned governments ensure, by the insertion of a special clause in the Treaties of Peace, that Turkey will be discharged of all responsibilities to the future German state resulting from the liquidation of the enemy assets and their utilisation.

Moreover, the Turkish Government will be pleased to transmit to the Embassy of the United States of America the text of the Law regarding the establishment of an Administration of Sequestrations as soon as this Law is ratified by the Grand National Assembly, and to give all necessary information on the subject of enemy assets located in Turkey.

the Embassy's note, dated August 12, 1947, to the Ministry regarding the German assets program in Turkey. A copy of the Embassy's note which corresponded to notes presented at the same time by the British and French Embassies was enclosed with Embassy's despatch no. 1791 dated August 12, 1947.

A copy of the Ministry's reply, dated December 30, 1947, is enclosed herewith together with an unofficial translation in English made by the Embassy.

Respectfully yours,

For the Ambassador:

DEPARTMENT OF STATE

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JAN 16 1948

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