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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

Stockholm, May 14, 1946.

No. 7045

CONFIDENTIAL

Subject: Transmission of Copies of Note Sent to Swedish Foreign Office Concerning Invitation to Attend Negotiations in Washington. SAFEHAVEN. (Reference: Legation's cable 843, May 15, 1946 to Department, repeated 139 to London.)

The Honorable  
The Secretary of State,  
Washington.

Sir:

I have the honor to transmit herewith two photostatic copies of note sent to Foreign Minister Gösta Undén which contains an invitation attend negotiations in Washington concerning the Safehaven program (see annex in Sweden). Also enclosed are two copies of an oral statement which I made at the Swedish Foreign Office.

A similar note has been sent by the British Legation and I understand that the French Legation will also send such a note when it obtains suitable instructions from Paris.

Respectfully yours,

*Carl Gustaf*

Charge d'Affaires ad interim

Enclosures:

1. Two photostatic copies of note 951 to Foreign Minister Undén dated May 4, 1946.

2. Two copies of oral statement.

Original and hectograph to the Department.  
Two copies to the American Embassy, London.  
Gordon Knox/eeb.  
File No. 851.

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Enclosure no. 1 to Despatch no. 7045, May 14, 1946 from the American Legation, Stockholm, entitled: "Transmission of Copies of Note Sent to Swedish Foreign Office Concerning Invitation to Attend Negotiations in Washington. SAFEHAVEN."

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Stockholm, May 4, 1946.

No. 921

**Recipients:**

It is the honor to refer to Your Excellency's note of March 23, 1946 requesting information as to the legal basis for the Allied claim to German external assets as well as to the invitation to meet in Washington which was extended to Your Excellency on May 21, 1946 and which included a copy of the Allied Control Council's Law Number 3, adopted October 30, 1945.

In connection with the foregoing, I have been authorized by my Government to present informally the following statement regarding the legal basis for the Allied claim. My Government has also the approval of the United States Government to understand that the statements which are addressing Your Excellency are correct.

The Government of Germany and the Government of the United States, the French, British, Soviet and American Governments agreed to agree concerning the German assets, including all powers possessed by the German Government. Whether the transfer of government power to the four powers was effected by the German act of surrender, or whether the absence

absence

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absence of a government in Germany made essential the exercise by the four Allies of governmental power there, is, in the opinion of the Allies, immaterial. In either case, the four powers in fact have taken control of all legislative and executive power which previously was exercised by the German Government. In the opinion of the Allies, this occupation of Germany is not a belligerent occupation, since belligerent occupation concerns itself only with the temporary governing of a country during a period of hostilities. Therefore, the Allies believe that Articles 43, 44, and 55 of the Hague Convention of 1907, Section XII do not apply.

Since it has become the supreme authority in Germany, the Allied Control Council has the right and duty of a government to issue decrees and laws. The four powers on June 2, 1945 declared that they had assumed supreme authority with respect to Germany, including any powers possessed by the German Government, the High Command, and any state, municipal or local authority or government. It is worthy of noting in this connection that under the terms of the Article of Surrender, Article IV of the Act of May 7, 1945, it was agreed by Germany to give effect to any 'general instrument of surrender imposed on it by or on behalf of the United Nations'.

Since it is now the Government of Germany, the AOC, like any government, has the right to marshal German internal and external assets. This right, for example

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example, was exercised in a decree dated December 12, 1938 by the former German Government, said decree being entitled 'Gesetz Über die Devisen Bewirtschaftung'. This decree states, inter alia, that real German property held abroad and also foreign exchange, foreign claims, gold, foreign securities, and interests in foreign firms can be disposed of only with the approval of the appropriate German authorities. Furthermore, other governments, for example, the British Government and the Governments-in-Exile of The Netherlands and Norway, exercised similar powers during the war. This same power was exercised by the AOC when it issued its vesting law known as AOC Law No. 9.

"The question is whether Sweden will cooperate with the Allies and will vest and marshal German assets in its territory. In the opinion of the Allies, a decision by sovereign Sweden to afford facilities for vesting and marshalling German assets in Sweden could be reached on the grounds of public policy, and such a decision would be in agreement with established principles which govern relations between friendly states. The three governments, speaking for themselves and also in the names of those other countries which they represent, believe that they are entitled to dispose of the German assets under reference. The three governments also believe that the Swedish Government will agree that to indemnify partially those persons who were victims of German aggression and those countries whose economies were

depleted

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depleted by the same aggression, as well as to relieve Germany itself, would not be contrary to the public policy of Sweden."

In connection with the above statement and in reference to the correspondence previously mentioned, I have the honor to advise Your Excellency that I have been instructed to invite the Royal Swedish Government to designate representatives to meet with representatives of the three Allied Governments for negotiations beginning May 13 in Washington. Among other points the agenda will include the following:

- A. 1) Property in Sweden owned or controlled by the Germans; the elimination of German interests, and the utilization of the proceeds for assisting in rehabilitating areas depleted and devastated by German aggression.
- 2) Property, including gold and art, which was war loot.
- 3) Disposal of the property of and repatriation of both "obnoxious" and official Germans.
- 4) German patents and trademarks.
- 5) The scope of Lofchaven administration and legislation in Sweden.
- 6) Queries concerning certain exemptions from the Swedish restraining order.
- 7) The German Chamber of Commerce.
- 8) Options.

9)

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9) Methods of implementing all of the above points on a basis of mutual cooperation and assistance.

B. The Allies will be ready to consider, following satisfactory conclusion of discussions of the points above mentioned, the following items:

- 1) Statutory and Proclaimed Lists.
- 2) Blocked Swedish assets.
- 3) Swedish assets located in Germany.

They will also be prepared to discuss Swedish representation in Germany, as well as any special items of mutual interest, such as the Enskilda Bank, which the Royal Swedish Government may wish to propose.

Accept, Excellency, the renewed assurances of my highest consideration.

His Excellency

Osten Undén,

Minister for Foreign Affairs,

Stockholm.

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By NARA Date 2/14/72

