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## INTERNATIONAL AGREEMENTS

207

SUBJECT: REPARATIONS and Level of Post War German EconomyYALTA CONFERENCE  
11 February 1945Reparations in Kind from Germany

..... and exact reparation in kind for the destruction wrought by Germans: .....

Establishment of a Commission for the Compensation of Damage

We have considered the question of the damage caused by Germany to Allied Nations in this war, and recognized it as just that Germany be obliged to make compensation for the damage in kind to the greatest extent possible. A Commission for the Compensation of Damage will be established. The Commission will be instructed to consider the question of extent and methods for compensating damage caused by Germany to the Allied countries. The Commission will work in Moscow.

POTSDAM AGREEMENT  
2 August 1945Reparations not to Interferewith the Economic Development of Germany

## P. III. B.

19. Payment of reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany, the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and stock shall be available in the first place for payment for such imports.

The above clause will not apply to the equipment and products referred to in paragraphs 4 (a) and 4 (b) of the Reparations Agreement.

Agreement on Reparations

In accordance with the Crimea decision that Germany be compelled to compensate to the greatest possible extent for the loss and suffering that she has caused to the United Nations and for which the German people cannot escape responsibility, the following agreement on reparations was reached:

1. Reparation claims of the U.S.S.R. shall be met by removals from the zone of Germany occupied by the U.S.S.R. and from appropriate German external assets.
2. The U.S.S.R. undertakes to settle the reparation claims of Poland from its own share of reparations.
3. The reparation claims of the United States, the United Kingdom, and other countries entitled to reparations shall be met from the Western Zones and from appropriate German external assets.
4. In addition to the reparations to be taken by the U.S.S.R. from its own zone of occupation, the U.S.S.R. shall receive additionally from the Western Zones:
  - (a) fifteen percent of such usable and complete industrial capital equipment, in the first place from the metallurgical, chemical, and machine manufacturing industries, as is necessary for the German peace economy and should be removed from the Western Zones of Germany, in exchange for an equivalent value of food, coal, potash, zinc, timber, clay products, petroleum products, and such other commodities as may be agreed upon;
  - (b) ten percent of such industrial capital equipment as is unnecessary for the German peace economy and should be removed from the Western

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## INTERNATIONAL AGREEMENTS

SUBJECT: REPARATIONS and Level of Post War German Economy

Items, to be transferred to the Soviet Government on reparations account without payment or exchange of any kind in return.

Removals of equipment as provided in (a) and (b) above shall be made simultaneously.

5. The amount of equipment to be removed from the Western Zones on account of reparations must be determined within six months from now at the latest.

6. Removals of industrial capital equipment shall begin as soon as possible and shall be completed within two years from the determination specified in paragraph 5. The delivery of products covered by 4 (a) above shall begin as soon as possible and shall be made by the U.S.S.R. in agreed installments within five years of the date hereof. The determination of the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparations shall be made by the Control Council under policies fixed by the Allied Commission on Reparations, with the participation of France, subject to the final approval of the Zone Commander in the Zone from which the equipment is to be removed.

7. Prior to fixing of the total amount of equipment subject to removal, advance deliveries shall be made in respect of such equipment as will be determined to be eligible for delivery in accordance with the procedure set forth in the last sentence of paragraph 6.

8. The Soviet Government renounces all claims in respect of reparations to shares of German enterprises which are located in the Western Zones of occupation in Germany as well as to German foreign assets in all countries except those specified in paragraph 9 below.

9. The Governments of the U.K. and the U.S.A. renounce their claims in respect to reparations

to shares of German enterprises which are located in the Eastern Zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania, and Eastern Austria.

10. The Soviet Government makes no claims to gold captured by the Allied troops in Germany.

Germany to be treated as Single Economic Unit and policies thereof.

P. III. B. 14

During the period of occupation, Germany shall be treated as a single economic unit. To this end, common policies shall be established in regard to .....

(f) reparation and removal of industrial war potential;

In applying these policies, account will be taken, when appropriate, of varying local conditions.

# ALLIED CONTROL COUNCIL, BERLIN, 1946

209

**SUBJECT: REPARATIONS**

**DATE: 27 March 1946**

REPORT FROM THE DIRECTORATE OF ECONOMICS TO  
THE COORDINATING COMMITTEE REGARDING THE PLAN  
FOR REPARATIONS AND THE LEVEL OF POST-WAR  
GERMAN ECONOMY IN ACCORDANCE WITH THE BERLIN  
PROTOCOL

(Approved by the Control Committee on 27 March 1946)

1. In accordance with the Berlin Protocol the Allied Control Council is to determine the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparations. The guiding principles regarding the Plan for Reparations and the level of the post-war German Economy, in accordance with the Berlin Protocol are:

- a. Elimination of the German war potential and the industrial disarmament of Germany.
- b. Payment of reparations to the countries which had suffered from German aggression.
- c. Development of agriculture and peaceful industries.
- d. Maintenance in Germany of average living standards not exceeding the average standard of living of European countries (excluding the United Kingdom and the Union of Soviet Socialist Republics).
- e. Retention in Germany, after payment of reparations, of sufficient resources to enable her to maintain herself without external assistance.

2. In accordance with these principles, the basic elements of the Plan have been agreed by the Economic Directorate. The assumptions of the Plan are:

- a. That the population of post-war Germany will be 66.5 millions.

- b. That Germany will be treated as a single economic unit.
- c. That exports from Germany will be acceptable in the international markets.

Prohibited Industries

- 3. In order to eliminate Germany's war potential, the production of arms, ammunition and implements of war, as well as all types of aircraft and sea-going ships, is prohibited and will be prevented.
- 4. All industrial capital equipment for the production of the following items are to be eliminated:

- a. Synthetic gasoline and oil.
- b. Synthetic rubber.
- c. Synthetic ammonia.
- d. Ball and taper roller bearings.
- e. Heavy machine tools of certain types.
- f. Heavy tractors.
- g. Primary aluminum.
- h. Magnesium.
- i. Beryllium.
- j. Vanadium produced from Thomas slags.
- k. Radio-active materials.
- l. Hydrogen peroxide above 80% strength.
- m. Specific war chemicals and gases.
- n. Radio transmitting equipment.

Facilities for the production of synthetic gasoline and oil, synthetic ammonia and synthetic rubber, and of ball and taper roller bearings, will be temporarily retained to meet domestic requirements until the necessary imports are available and can be paid for.

Restricted Industries

Metallurgical Industries

5. Steel

- a. The production capacity of the steel industry to be left in Germany should be 7.5 million ingot tons. This figure to be subject to review for further reduction should this appear necessary.
- b. The allowable production of steel in Germany should not exceed 5.8 million ingot tons in any future year without the specific approval of the Allied Control Council, but this figure will be subject to annual review by the Control Council.
- c. The steel plants to be left in Germany under the above program should, so far as practicable, be the older ones.

6. Non-Ferrous Metals: The annual consumption of non-ferrous metals (including exports of products containing these metals) is fixed at the following quantities:

Copper.....	140,000 tons
Zinc.....	135,000 tons
Lead.....	120,000 tons
Tin.....	8,000 tons
Nickel.....	1,750 tons

Chemical industries

7. a. Basic Chemicals. In the basic chemical industries there will be retained 40% of the 1938 production capacity (measured by sales in 1938 values). This group includes the following basic chemicals: nitrogen, phosphate, calcium carbide, sulphuric acid, alkalis, and chlorine. In addition, to obtain the required quantities of fertilizer for agriculture, existing capacity for the production of nitrogen through the synthetic ammonia process will be retained until the necessary imports of nitrogen are available and can be paid for.

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DATE: 27 March 1946

b. Other Chemicals. Capacity will be retained for the group of other chemical production in the amount of 70% of the 1936 production capacity (measured by sales in 1936 values). This group includes chemicals for building supplies, consumer goods items, plastics, industrial supplies, and other miscellaneous chemical products.

c. Disagreed Items. Agreements have not yet been reached with regard to the production of dyestuffs, synthetic fibers, and pharmaceuticals. The present position of the various delegations is set forth in TABLE 4, for the decision of higher authority.

#### Machine Manufacturing and Engineering.

8. a. Machine Tools. For the machine tool industry there will be retained 12½% of 1936 capacity, with additional restrictions on the type and size of machine tools which may be produced. The French delegation considers it necessary to make a reservation that it cannot agree with the figure of 12½% and proposes 8%.

b. Heavy Engineering. In the heavy engineering industries there will be retained 11% of 1936 capacity. These industries produce metallurgical equipment, heavy mining machinery, material handling plants, heavy power equipment (boilers and turbines, prime movers, heavy compressors, and turbo-blowers and pumps).

c. Other mechanical engineering. In other mechanical engineering industries there will be retained 50% of 1936 capacity. This group produces constructional equipment, textile machinery, consumer goods equipment, engineering small tools, food processing equipment, woodworking machines, and other machines and apparatus.

d. Electro-engineering. In the electro-engineering industries there will be retained 80% of 1936 production capacity (based on sales in

1936 values). Capacity to produce heavy electrical equipment is to be reduced to 30% of 1936 production or RM 40,000,000 (1936 value). Heavy electrical equipment is defined as generators and converters, 5000 KW and over; high tension switch gear; and large transformers, 1000 KVA and over. Electro-engineering, other than heavy electrical equipment, includes electric lamps and light fittings, installation materials, electric heating and domestic appliances, cables and wires, telephone and telegraph apparatus, domestic radios, and other electrical equipment. Export of specified types of radio receiving sets is forbidden.

#### e. Transport Engineering.

- (1) In the automotive industry capacity will be retained to produce annually 50,000 automobiles, including 40,000 passenger cars and 40,000 trucks, and for 4,000 light road tractors.
- (2) Capacity will be retained to produce annually 10,000 motorcycles with cylinder sizes between 50 and 250 cubic centimeters. Production of motorcycles with cylinder sizes of more than 250 cubic centimeters is prohibited.
- (3) In the locomotive industry available capacity will be used exclusively for the repair of the existing stock of locomotives in order to build up a pool of 18,000 locomotives in 1949. A decision will be made later as to the production of new locomotives after 1949.
- (4) Sufficient capacity will be retained to produce annually 30,000 freight cars, 1,300 passenger coaches, and 400 luggage vans.

f. Agricultural Machinery. To permit maximization of agriculture, capacity will be retained for an annual production of 10,000 light agricultural tractors. Existing capacity for the production of other agricultural equipment, estimated at 80% of 1936 levels, is to be retained, subject to restrictions on the type and power of the equipment which may be produced.

g. Spare Parts. In estimating capacities there will be taken into account the production of normal quantities of spare parts for transport and agricultural machinery.

h. Optics and Precision Instruments. Capacity will be retained to produce precision instruments in the value of 340,000,000 RM (1936 value), of which 220,000,000 RM is estimated as required for domestic use and 120,000,000 RM for exports. A further limitation for this industry is possible, subject to the recommendation of the Committee for the Liquidation of German War Potential.

#### Mining Industries

9. a. Coal. Until the Control Council otherwise decides, coal production will be maximized as far as mining supplies and transport will allow. The minimum production is estimated at 155 million tons (hard coal equivalent), including at least 40 million tons for export. The necessary supplies and services to this end will be arranged to give the maximum production of coal.

b. Potash. The production of potash is estimated at over 100% of the 1936 level.

#### Electric Power

10. Agreement has not been reached on this matter and the positions of the various delegations are set forth in TABLE 4, for the decision of higher authority.

SUBJECT: REPARATIONS

DATE: 27 March 1946

Other Industries

11. The estimated levels of the following industries have been calculated as shown below as necessary for the German economy in 1949:

a. Rubber. 50,000 tons, including 20,000 tons from reclaimed rubber and 30,000 tons from imports.

b. Pulp, Paper and Printing. 2,129,000 tons, based on 25 kg per head per annum in 1949 plus 400,000 tons for export.

c. Textiles and Clothing Industries. 665,000 tons of fiber, based on 10 kg per head for 1949, including 2 kg for export.

d. Boots and Shoes. 113,000,000 pairs, based on 1.7 pairs per head in 1949 (figure excludes needs of occupying forces).

The U.S. delegate considers that the estimates in this paragraph (Other Industries) are not limitations.

12. Building. No level will be determined for 1949. The industry will be free to develop within the limits of available resources and the licensing system.

13. Building Materials Industries (Excluding Cement). Existing capacity will be retained. Production will be in accordance with building licensing and export requirements. Agreement has not yet been reached on the cement industry and the positions of the various delegations are set forth in TABLE 4, for the decision of higher authority.

14. Other Unrestricted Industries. For the following industries no levels have been determined for 1949. These industries are free to develop within the limitations of available resources. These industries are as follows:

- a. Furniture and woodwork.
- b. Flat glass, bottle and domestic glass.
- c. Ceramics.
- d. Bicycles.
- e. Motorbicycles under 60 cc.
- f. Potash.

General Level of Industry

15. a. In the view of the French and the U.S. delegations it is not practical at this time to calculate the general effect of the reparations removals on the level of the German industry as a whole.

b. In the Soviet and British view the general effect of the plan is the reduction of the level of industry as a whole between 50% and 55% of pre-war capacity of 1938 (without building and building materials industries).

Exports and Imports

16. The following agreement has been reached with respect to exports and imports.

a. That the value of exports from Germany shall be planned as 3 billion RM (1935 value) for 1949, and that sufficient industrial capacity shall be retained to produce goods to this value and cover the internal requirements in Germany in accordance with the Potsdam Declaration.

b. That approved imports will not exceed 3 billion RM (1935 value), as compared with 4.2 billion RM in 1936.

c. That of the total proceeds from exports, it is estimated that not more than 1 1/2 billion RM can be utilized to pay for imports of food and fodder, if this will be required, with the understanding that, after all imports approved by the Control Council are paid for, any portion of that

sum not needed for food and fodder will be used to pay for costs of occupation, and services such as transport, insurance, etc.

Capacities Available for Reparations

17. After the approval of this Plan, the existing capacities of the separate branches of production shall be determined, and a list of enterprises available for reparations shall be compiled.

18. After decisions have been given on the matters now referred to the Coordinating Committee, the Economic Directorate would propose to prepare the final plan embodying those decisions and including a description of the various features of the Plan, such as: disarmament, reparations, post-war German economy, and the German balance of trade.

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## FOURTH SESSION OF CFM, MOSCOW, 1947

RESTRICTED

AGREED

SUBJECT: LEVEL OF POST-WAR GERMAN ECONOMY &amp; REPARATIONS PLAN, Reparations, Lists of plants, etc. (Part II, II, A., CFM/47/W/148)

ORIGIN: Dep. f. Germ. &amp; CGRC

FOUR POWER AGREEMENT	US	UK	FR	SOVIET
<p>The four Delegations agree to direct the Control Council to determine within three months following the completion of the Plan for Reparations and the Level of Post-War German Economy to establish the lists of the plants and the amount of equipment taken away or to be taken away within the four zones as reparations. (Section VIII, paragraph 3, 1., CFM/47/W/74).</p> <p>(Page 9:II,A., CFM/47/W/148)</p> <p>-----</p> <p>-----</p> <p>-----</p>				

ACTION TAKEN BY CFM: Approved, Referred to Control Council for Information

UNAGREED

RESTRICTED

## FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: LEVEL, etc., Reparations, Revision of Plan (Part II, II.B., CFM/47/M/148 &amp; Sec. VIII, A., 1., CFM/47/M/74)

ORIGIN: Dep. r. Germ. &amp; CGEC

## FOUR POWER POSITION

U S

U K

F R

SOVIET

The four Delegations agree on the necessity of a revision of the plan for reparations and the level of German post-war economy.

(Page 10; B., CFM/47/M/148)

NOTE

The Deputies note that the above text includes an agreement in principle. However, this text is included among the "Unagreed Points" because of the number of specific reservations attached to the manner of implementation of the principle.

(Page 10; B., CFM/47/M/148)

US and UK RESERVATION

The Agreement of the US and UK Delegations pertains only to such changes in the proposed removals of capital equipment as may be necessitated by such revision of the level of industry plan as is agreed.

(Page 12; A.1., CFM/47/M/74)

UK and FRENCH RESERVATION

The UK and French Delegations agree that the guiding principles of this revision should be fixed by the Council of Foreign Ministers.

(Page 12; A.1., CFM/47/M/74)

US POSITION

The US Delegation is not in a position to determine the exact figure for steel production for the time being.

(Page 12; A.1., CFM/47/M/74)

UK PROPOSAL

The UK Delegation considers that annual steel production in Germany should eventually be brought up to ten million tons; and that the limits on the capacity to be left in Germany of other restricted industries shall be subject to upward adjustments; and that the list of prohibited industries shall be reviewed.

(Page 12; A.1., CFM/47/M/74)

FRENCH PROPOSAL

The French Delegation considers that the annual capacity of steel production should be fixed at approximately the figure provided for in March 1946.

(Page 12; A.1., CFM/47/M/74)

SOVIET PROPOSAL

The Soviet Delegation considers that it is necessary to provide for raising the level of German industry, so that the annual production of steel will in the very near future reach ten to twelve million tons.

(Page 12; A.1., CFM/47/M/74)

US and UK POSITION

The US and UK Delegations do not agree to this (second Soviet) proposal.

(Page 12; A.1., CFM/47/M/74)

SOVIET PROPOSAL

The Soviet Delegation feels that this revision should take into account a program of reparations from current production.

(Page 12; A.1., CFM/47/M/74)

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ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

## FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

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SUBJECT: LEVEL OF POST-WAR ECON., etc., Date of Plan Revision, (Part II, II, B., CFM/47/M/148 &amp; Sec. VIII, A.2., CFM/47/M/74)

ORIGIN: Dep. f. Germ. &amp; CIGC

FOUR POWER POSITION	U S	U K	FR	SOVIET
<p>The four Delegations agree to direct the Control Council to complete the revision of the plan for Reparations and the level of post-war German economy before July 1, 1947, to set up within a three month period after the completion of this revision lists of factories to be retained in the four zones. The plants thereby made available for reparations shall be immediately closed in the four zones.</p> <p>(Page 12; A.2., CFM/47/M/74)</p>	<p><u>US POSITION</u></p> <p>The US view is that all plants other than those referred to in the lists above are to be removed.</p> <p>(Pages 12&amp;13; A.2. CFM/47/M/74)</p>	<p><u>UK RESERVATION</u></p> <p>The acceptance of the proposed dates by the UK Delegation is dependent upon a satisfactory revision of the plan for reparations and the level of post-war German economy.</p> <p>(Page 13; A.2., CFM/47/M/74)</p>		
ACTION TAKEN BY CFM: Referred to Control Council for information; to Deputies for Germany for Study (UK Reservation)				

UNAGREED

RESTRICTED

## FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: LEVEL OF POST-WAR ECON., Rehabilitation of German Industry (Part II, II, B., CFM/47/M/148 &amp; Sec. VIII, A. J., CFM/47/M/74)

ORIGIN: Dep. f. Germ. &amp; CGEC

FOUR POWER POSITION

U S

U K

F R

S O V I E T

NO AGREEMENTUS and UK PROPOSAL

The UK and US Delegations agree that the rehabilitation of German industry shall be effected on a progressive plan, having regard to the necessity of exporting coal to the liberated countries. In particular, the rate by which steel production is increased shall be determined in relation to the need for coal exports provided that the burden of cost on the occupying powers is not increased as a result of this consideration.

(Page 13; A. J., CFM/47/M/74)

FRENCH RESERVATION

The French Delegation favors this proposal provided that its implementation would be such as to satisfy French claims, formulated as an absolute condition with regard to coal exports.

(Page 13; A. J., CFM/47/M/74)

SOVIET RESERVATION

The Soviet Delegation accepts the UK (and US) proposal with an addition: "it is recognized that deliveries of coal on account of reparations are necessary".

(Page 13; A. J., CFM/47/M/74)

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ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

## FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: REPARATIONS, Allocation of Separate Pieces of Equipment (Part II, II, B., CFM/47/W/148 &amp; Sec.VIII, B.2., CFM/47/W/74)

ORIGIN: Dep. f. Germ. &amp; CCRG

FOUR POWER POSITION

US

UK

FR

SOVIET

NO AGREEMENTUK and US RESERVATION

The UK and US Delegations reserve their position.

(Page 13; B.2., CFM/47/W/74)

SOVIET and FRENCH PROPOSAL

The Soviet and French Delegations are of the opinion that the Control Council should be instructed to allocate aside from complete plans, separate pieces of equipment to be taken from the plants that are retained.

(Page 13; B.2., CFM/47/W/74)

ACTION TAKEN BY CFM: Referred to Control Council for information; to Deputies for Germany for Study (UK Reservation)

FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: REPARATIONS, Time limit for Completion of Program (Part II, II, B., CFM/47/M/148 & Sec.VIII, B.3., CFM/47/M/74)

ORIGIN: Dep.f.Gern. & CGMC

FOUR POWER POSITION	US	UK	FR	SOVIET
<p>The four Delegations agree to fix a time limit for the completion of the program of reparations from industrial capital equipment.</p> <p>(Page 13; B.3., CFM/47/M/74)</p>	<p><u>UK and US PROPOSAL</u></p> <p>The UK and US Delegations consider that this time limit can be fixed only after a study by the Control Council.</p> <p>(Page 13; B.3., CFM/47/M/74)</p>		<p><u>FRANCE PROPOSAL</u></p> <p>The French Delegation suggests December 31, 1948.</p> <p>(Page 13; B.3., CFM/47/M/74)</p>	<p><u>SOVIET PROPOSAL</u></p> <p>The Soviet Delegation considers that this time limit should be fixed by July 1, 1948.</p> <p>(Page 13; B.3., CFM/47/M/74)</p>
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ACTION TAKEN BY CFM:

Referred to Control Council for Information; to Deputies for Germany for Study (UK reservation)

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## FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: REPARATIONS, Deliveries from Current Production (Part II, II, B., CFM/47/M/148 &amp; Sec. VIII, B. 4., CFM/47/M/74)

ORIGIN: Dep. f. Germ. &amp; CGEC

FOUR POWER POSITION	U S	U K	FR	SOVIET
<u>SC AGREEMENT</u>		<u>UK and US POSITIVE</u>	<u>FRENCH PROPOSAL</u>	<u>SOVIET PROPOSAL</u>
		The UK and US Delegations do not agree to reparations from current production; they are not authorized to accept a study of the question.  (Page 14; B. 4., CFM/47/M/74)	The French Delegation proposes a Study of a program of reparations from current production, taking into account the repercussions of this program on the amount of German coal available and also on the war potential and the balance of accounts.  (Page 15; B. 4., CFM/47/M/74)	The Soviet Delegation proposes to utilize for the coverage of Reparations annual deliveries of goods from current production.  (Page 13; B. 4., CFM/47/M/74)
				<u>SOVIET POSITIVE</u>
				The acceptance of reparations from current production is an absolute condition of the Soviet Delegation's acceptance of the principle of the economic unity of Germany.  (Page 14; B. 4., CFM/47/M/74)

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

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SUBJECT: REPARATIONS, Utilisation of Services (Part II, II, B., CFM/47/W/148 & Sec.VIII, B.5., CFM/47/W/74)

ORIGIN: Dep. f. Germ. & CGSC

FOUR POWER POSITION	U S	U K	FR	SOVIET
<u>NO AGREEMENT</u>	<u>UK and US RESERVATION</u> (on Soviet and French Proposals)  The UK and US Delegations reserve their position.  (Page 14; B.5., CFM/47/W/74)		<u>FRENCH PROPOSAL</u>  The French Delegation considers that the Council of Ministers should study the possibility of reparations in services and other items.  (Page 14; B.5., CFM/47/W/74)	<u>SOVIET PROPOSAL</u>  The Soviet Delegation considers that various services should be utilized as coverage for reparations.  (Page 14; B.5., CFM/47/W/74)
	<u>US POSITION</u>  The US Delegation adds that it is opposed to the use of labor for reparations except after trial and sentence of war criminals under due process of law.  (Page 14; B.5., CFM/47/W/74)		<u>FRENCH RESERVATION</u> (on US POSITION)  The French Delegation reserves its position in order to show that a mechanism can be devised to utilize services without loss of individual rights.  (Page 14; B.5., CFM/47/W/74)	

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

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## FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED  
SUBJECT:

RESTRICTED

REPARATIONS, Soviet Claim (Part II, II, B., CFM/47/M/146 &amp; Sec.VIII, B.6., CFM/47/M/74)

ORIGIN: Dep.f.Germ. &amp; CCEC

FOUR POWER POSITION	U S	U K	F R	S O V I E T
<p><u>NO AGREEMENT</u></p>	<p><u>U K and U S POSITION</u></p> <p>Owing to the position taken with regard to reparations from current production, the UK and US Delegations feel that it is unnecessary for them to comment on the sum and time period for reparations.</p> <p>(Page 14; B.6., CFM/47/M/74)</p>		<p><u>FRENCH RESERVATION</u></p> <p>The French Delegation reserves its position pending the completion of the study provided in that proposal on reparations from current production, services and other items.</p> <p>(Page 14; B.6., CFM/47/M/74)</p>	<p><u>S O V I E T P R O P O S A L</u></p> <p>The Soviet Delegation considers that it is necessary to assert reparations for the USSR to the extent of ten billion dollars, and the Soviet Union will satisfy the reparation claims of Poland from its share.</p> <p>The Soviet Delegation considers it necessary to determine that the reparations obligations of Germany must be fulfilled in the course of twenty years counting this period from the date of publication of the decisions of the Berlin Conference of the Three Powers.</p> <p>(Page 14; B.6., CFM/47/M/74)</p> <p><u>S O V I E T S T A T E M E N T</u></p> <p>In connection with the positions of the US and UK Delegations with regard to reparations from Germany, the Soviet Delegation considers it necessary to make the following statement:</p> <p>(See page 221)</p>
<p>ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)</p>				

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FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: REPARATIONS, Soviet Claim (Part II, II, B., CFM/47/W/145 & Sec. VIII, B. 6., CFM/47/W/74)

ORIGIN: Dep. f. Germ. & CCRC

FOUR POWER POSITION

U.S.

U.K.

FR.

SOVIET

SOVIET STATEMENT

1. At the Yalta Conference the U.S.A. agreed to adopt as a basis for the discussion the proposal that the amount of reparations to the Soviet Union be established at 10 billion dollars. As it can be seen from the Yalta Protocol the American Delegation did not object against discussing the said amount as a basis for the establishment of the volume of reparations to be paid to the Soviet Union. On the contrary, it was agreed to this proposal.
2. It is quite logical, while speaking about the sum of reparations to be established at 10 billion dollars, to determine simultaneously the terms of reparations payment.
3. At the Yalta Conference, as it can be seen from the Protocol issued by it, the United States and United Kingdom Delegations agreed that the annual deliveries of goods from the current production should constitute a source of reparations from Germany. Attempts to base the refusal to make any reparations from the current production on the fact that the Berlin decisions annulled the Yalta agreement cannot of course be considered as founded if only due to the fact that the Berlin decisions state that agreement with regard to reparations was reached in accordance with the decisions of the Crimea Conference, and with the purpose of fulfilling the decisions of this conference with respect to Germany. Such a reference to the Yalta Conference makes unnecessary any mention of different concrete points of the Yalta agreement with regard to reparations. If the Berlin decision contains no mention of reparations from the current production we cannot explain this fact as a rejection of such a principal position with regard to reparations. The question concerning current production was not practically discussed at Berlin. Special attention was paid to the removals of equipment. The Soviet proposals with regard to reparations are justified by moral, political and juridical principles.

The head of the US Delegation has expressed his view on this subject before the Council of Foreign Ministers. (See Document CFM/47/W/30.)

(Pages 15 & 16; B. 6., CFM/47/W/74)

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ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

## FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

RESTRICTED

SUBJECT:

REPARATIONS, Soviet Claim (Part II, II, B., CFM/47/W/146 &amp; Sec. VIII, B. 6., CFM/47/W/74)

ORIGIN: Dep. f. Germ. &amp; CGRC

FOUR POWER POSITION	US	UK	FR	SOVIET
	<p>CFM/47/W/30 March 18, 1947</p> <p>QUESTIONS RELATING TO GERMANY <u>Reparations</u></p> <p><u>Statement by the US Delegation</u></p> <p>I wish to make completely clear the position that the United States has consistently taken with regard to the relation of the Potsdam Agreement on Reparations to the Yalta Protocol.</p> <p>Immediately on his return from Potsdam, before any question was raised as to the scope or meaning of the Potsdam Agreement or its relation to the Yalta Agreement, President Truman in a public address on August 9, 1945, clearly stated his understanding of the Potsdam Agreement. I will read to you exactly what he said:</p> <p>"At the Crimea Conference a basis for fixing reparations had been proposed for initial discussion and study by the Reparations Commission. That basis was a total amount of reparations of 20 billion dollars. Of this sum, one half was to go to Russia, which had suffered more heavily in the loss of life and property than any other country.</p> <p>"But at Berlin the idea of attempting to fix a dollar value on the property to be removed from Germany was dropped. To fix a dollar value on the share of each nation would be a sort of guaranty of the amount each nation would get - a guaranty which might not be fulfilled. ***</p> <p>"This formula of taking reparations by zones will lead to less friction among the Allies than the tentative basis originally proposed for study at Yalta".</p> <p>In July, 1946, at Paris the question of German reparations was discussed in the Council of Foreign Ministers. At that time Mr. Molotov presented the same arguments regarding the Yalta agreement which he has put forth here.</p> <p>Secretary Byrnes, who was present at the Yalta Conference and who, as Secretary of State, took an active part in working out the Potsdam Agreement on reparations, stated the view and position of the US Government that the Potsdam Agreement took the place of the preliminary agreement reached at Yalta. Secretary Byrnes pointed out the irrefutable fact and I quote from his statement.</p> <p>"The language read by Mr. Molotov showed what Mr. Roosevelt agreed to was only to study as a basis for discussion the Reparations Commission as one of the proposals to be considered by the Commission."</p> <p>The position of the United States Government regarding reparations is that the agreements at Potsdam supersede the preliminary agreements previously reached at Yalta. We will not follow Mr. Molotov in a retreat from Potsdam to Yalta.</p>			
ACTION TAKEN BY CFM:	Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)			

# FOURTH SESSION OF CFM, MOSCOW, 1947

(25)

UNAGREED

R E S T R I C T E D

SUBJECT: REPARATIONS, Reactivation of IARO (Part II, II, B., CFM/47/W/148 & Sec. VIII, A. 7., CFM/47/W/74)

ORIGIN: Dep. f. Germ. & CGEO

FOUR POWER POSITION	U S	U K	F R	S O V I E T
<p><u>NO AGREEMENT</u></p>	<p style="text-align: center;"><u>UK and US POSITION</u></p> <p>The UK and US Delegations do not consider it necessary to reactivate the Inter-Allied Reparations Commission.</p> <p style="text-align: center;">(Page 16; B.7., CFM/47/W/74)</p>		<p style="text-align: center;"><u>SOVIET &amp; FRENCH PROPOSAL</u></p> <p>The Soviet and French Delegations propose that the Inter-Allied Reparations Commission, consisting of representatives of the UK, US, France and the Soviet Union be reactivated.</p> <p style="text-align: center;">(Page 15; B.7., CFM/47/W/74)</p>	

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ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

RESTRICTED

## FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED  
SUBJECT:

REPARATIONS, Information on Removals (Part II, II, B., CFM/47/W/148 &amp; Sec. VIII, B. S., CFM/47/W/74)

ORIGIN: Dep. of Germ. &amp; CERC

FOUR POWER POSITION

US

UK

FR

SOVIET

NO AGREEMENTUS POSITION

The US Delegation agrees with the UK proposal.

(Page 16; B. S., CFM/47/W/74)

UK PROPOSAL

The UK Delegation proposes that each of the Occupying Powers shall provide for the Council of Foreign Ministers information on the type and amount of reparation removals from its zone up to the present date and regularly thereafter to the Control Council.

(Page 16; B. S., CFM/47/W/74)

FRENCH POSITION

The French Delegation agrees with the UK proposal.

(Page 16; B. S., CFM/47/W/74)

SOVIET POSITION

The UK proposal can be accepted by the Soviet Delegation if agreement is reached on the basic reparations problems.

(Page 16; B. S., CFM/47/W/74)

SOVIET PROPOSAL

At the same time the Soviet Delegation proposes to amend the text as follows:-

"That each of the occupying Powers shall provide for the Council of Foreign Ministers information on the type and amount of reparation removals and receipts from its zone and also the external assets discovered or seized up to the present date and regularly thereafter to the Control Council".

(Page 16; B. S., CFM/47/W/74)

ACTION TAKEN BY CFM: Referred to Control Council for information; to Deputies for Germany for Study (UK Reservation)

## FOURTH SESSION OF CFM, MOSCOW, 1947

200

UNAGREED

RESTRICTED

SUBJECT: REPARATIONS, Increase of Production (Part II, II, B., CFM/47/M/145 &amp; Sec. VIII, B.G., CFM/47/M/74)

ORIGIN: Dep. f. Germ. &amp; CCEC

FOUR POWER POSITION	US	UK	FR	SOVIET
<p><u>NO AGREEMENT</u></p>	<p><u>UK, US and SOVIET POSITION</u></p> <p>The UK, US and Soviet Delegations agree, if the determined plan for the delivery of reparations is regularly fulfilled, to consider it possible not to put any obstacles in the way of the increase of production of the German peace-time industry, both for the domestic consumption of Germany and for the development of trade with other countries.</p> <p>(Page 16; B.G., CFM/47/M/74)</p>		<p><u>FRENCH RESERVATION</u></p> <p>The French Delegation reserves its point of view.</p> <p>(Page 16; B.G., CFM/47/M/74)</p>	<p><u>SOVIET POSITION</u></p> <p>(see under UK, US &amp; Soviet)</p>

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

TREATIES

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FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

RESTRICTED

SUBJECT: REPARATIONS, Compensation of US Nationals (Part II, II, B., CFM/47/M/145 & Sec.VIII, B.10., CFM/47/M/74)

ORIGIN: Dep.f.Germ. & COMO

FOUR POWER POSITION	U S	U K	F R	S O V I E T
<p><u>NO AGREEMENT</u></p>	<p><u>US PROPOSAL</u></p> <p>The US proposes that the Council of Foreign Ministers direct the Deputies to the Foreign Ministers to recommend to the next (fifth) Session of the Council methods for compensation to the United Nations nationals whose property has been or will be removed as reparation or war booty.</p> <p>In no case shall compensation be permitted for United Nations nationals owning interests in German enterprises organized exclusively for war production.</p> <p>(Pages 15&amp;17; B.10, CFM/47/M/74)</p>	<p><u>UK and FRENCH POSITION</u></p> <p>The UK and French Delegations agreed subject to confirmation.</p> <p>(Page 17; B. 10., CFM/47/M/74)</p>		<p><u>SOVIET POSITION</u></p> <p>The Soviet Delegation considered that the proposal requires study.</p> <p>(Page 17; B.10, CFM/47/M/74)</p>

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for study (UK Reservation)

FIFTH SESSION OF CFM, LONDON, 1947

227

UNAGREED  
SUBJECT: ECON. PRINC'S. RESTRICTED

Reparations from Current Production (Page 5, CFM/47/L/7 & USDEL/47/L/14th M'g)

ORIGIN: CFM

FOUR POWER POSITION

U S

U K

F R

SOVIET

NO AGREEMENT

US PROPOSAL

The Council should decide that nothing should be taken out of Germany except for a fair, economic value in money, or goods which could be immediately used to sustain German economy.

This decision should stand until further action by the Council or pursuant to a peace treaty, but should not apply to agreed reparation deliveries in capital goods.  
(Page 5, USDEL/47/L/14th M'g)

US PROPOSAL

Use of current production (for reparations) should stop on 1 January 1948 regardless of whether or not a study was to be undertaken.  
(Page 7, USDEL/47/L/14th M'g)

UK PROPOSAL

Para 22

Until Germany has attained a balanced economy and until the sums referred to in paragraphs 20 and 21 above have been repaid to the Controlling Powers, Germany shall not be called upon to make any reparation deliveries from current production or stocks.

(Page 5, CFM/47/L/7)

UK POSITION

The UK Delegation requests that nothing should have priority to the repayment of matters set out in paragraphs 20 and 21.  
(Page 7, USDEL/47/L/14th M'g)

FRENCH POSITION

The Fr Delegation has no objection in principle to this text in its present form, but has certain reservations as regards questions of form in paragraph 22. Suggests study by experts.

(Page 6, USDEL/47/L/14 M'g)

SOVIET POSITION

The Sov Delegation is not prepared to state its views on this question until the appropriate paragraphs on reparations were reached.  
(Page 7, USDEL/47/L/14th M'g)

ACTION TAKEN BY CFM: None

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FIFTH SESSION OF CFM, LONDON, 1947

AGREED

R E S T R I C T E D

SUBJECT: REPAR'S & LVL OF IND., Revision of Level of Industry Plan (Form 27, CFM/47/47 & USDEL/47/L/ 15th W'g)

ORIGIN: CFM

FOUR POWER AGREEMENT	U S	U K	F R	S O V I E T
<p><u>Paragraph 27</u></p> <p>The Controlling Powers confirm the general principles of the Potsdam Agreement on Reparations. Experience has, however, demonstrated that the Level of Industry Plan of March, 1946, on which the extent of reparations deliveries was assessed, requires substantial alteration. The level of industry plan shall therefore be revised so as to meet both the needs of security and the needs of the German economy; Germany shall be left with sufficient capacity to produce eventually 11,500,000 ingot tons of steel per annum (and this shall also be the permissible production of steel in Germany); the limits on the capacity to be left in Germany of other restricted industries shall also be subject to upward adjustment; and the list of prohibited industries shall be reviewed.</p> <p>(Page 9, CFM/47/L/7, and Page 4, USDEL/47/L, 15th W'g)</p> <p>-----</p>				

ACTION TAKEN BY CFM: None

FIFTH SESSION OF CFM, LONDON, 1947

229

UNAGREED  
SUBJECT:

RESTRICTED

REPAR'S & LVL OF IND., New List of Reparations Removals (Para 29, CPM/47/L/7 and USDEL/47/L/ 15th M'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
	<p><u>US PROPOSAL</u></p> <p>The US Delegation suggests to refer para 29 of the UK proposal and para 28 bis. of the French paper to the Drafting Committee, and to change the date 1st July, 1947, to 31 March, 1948. (Pages 6 &amp; 7, USDEL/47/L 15th M'g)</p> <p>-----</p>	<p><u>UK PROPOSAL</u></p> <p>Para 29.</p> <p>A fresh determination of plant and equipment for removal as reparation shall be made by the Control Council, on the basis of the revised Level of Industry Plan, not later than 1st July, 1947. (Page 9, CPM/47/L/7)</p> <p>-----</p>	<p><u>FRENCH PROPOSAL</u></p> <p>(Para 28 bis of CPM/47/M/99)</p> <p>The Control Council, in addition to complete plants, shall allocate separate equipments to be removed from the industries retained. (Page 13, CPM/47/M/99)</p> <p>-----</p>	<p><u>SOVIET POSITION</u></p> <p>The Sov Delegation favors the French proposal and has no objections to a further study of the question. It also agrees to the date of 31 March, 1948, proposed by the US Delegation, and to the reference of the subject to the Drafting Committee. (Page 7, USDEL/47/L/ 15th M'g)</p> <p>-----</p>
<p>-----</p> <p><u>Note:</u></p> <p>The final date is established as 1st March, 1948. (Page 8, USDEL/47/L/ 15th M'g)</p> <p>-----</p>				

ACTION TAKEN BY CFM: Referred to Drafting Committee

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## FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

RESTRICTED

ORIGIN: CFM

SUBJECT: REPAIRS &amp; LIV. OF IND., Acceleration of Plant Removals, (Para 30, CFM/47/L/7 &amp; USDEL/47/L/15th M'g)

FOUR POWER POSITION

U S

U K

FR

SOVIET

The date 15th April, 1948 is to be inserted in para 30. (Page 8, USDEL/47/L/15th M'g)

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US PROPOSAL

The US Delegation suggests the following amendment to be added to the last sentence of para 30(b) of the UK text:

"And the liquidation and transfer of all other plants found excess to the revised level of industry, to include those placed in categories 2, 3 and 4, should be pushed vigorously by the Control Council as soon as the revised level of industry has been determined. Dates for completion of delivery of various industrial categories will be fixed by the Control Council".

(Pages 9 & 10, USDEL/47/L 15th M'g)

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UK PROPOSAL  
First ProposalPara 30.

The delivery of plant and equipment shall be hastened; and to this end:-

(a) the final list of plant and equipment to be removed from Germany shall be issued by the Control Council not later than 15th August, 1947.

(b) the liquidation of war plants which have been placed in Category I by the Control Council and the valuation, allocation and dismantling of the general purpose equipment in those plants, shall proceed forthwith and shall not be delayed pending the preparation of the revised level of industry plan;

(c) the Control Council shall put in hand measures to hasten the procedure for the valuation, allocation, dismantling and delivery of capital equipment.

(Page 9, CFM/47/L/7)

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UK PROPOSAL

The UK Delegation suggests to delete in (a) and substitute it by a blank  
(Page 7, USDEL/47/L/15 M'g)

ACTION TAKEN BY CFM: None

FIFTH SESSION OF CFM, LONDON, 1947

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UNAGREED  
SUBJECT:

RESTRICTED

REPAR'S & LVL OF IND., Acceleration of Plant Removals (CFM/47/L/28 & USDEL/47/L/16th M'g) (Cont'd)

ORIGIN: CFM

FOUR POWER POSITION

U S

U K

FR

SOVIET

NO AGREEMENT

US POSITION

The US Delegation accepts the revised UK text of para 30. (Page 1, USDEL/47/L/16th M'g)

UK PROPOSAL

(Revised, incorporating US proposal)

Para 30

The delivery of plant and equipment shall be hastened; and to this end -

(a) the final list of plant and equipment to be removed from Germany shall be issued by the Control Council not later than (date)x

(b) the liquidation of war plants which have been placed in Category I by the Control Council and the valuation, allocation and dismantling of the general purpose equipment in those plants shall be effectively completed before 30th June, 1948, subject always to the right of any of the Controlling Powers to report to the Control Council if difficulties arise in the completion of the task by the date established and to request an extension should this prove necessary [C.F. CFM/47/M/148, Part I, Section I, paragraph 1 (5)]. The liquidation and transfer of all other plants found excess to the revised Level of Industry, to include those placed in Categories II, III, and IV, shall be rushed

FRENCH POSITION

The Fr Delegation reserves its position regarding the revised UK proposal.

(Page 1, USDEL/47/L/16th M'g)

UK PROPOSAL (cont'd)

vigorously by the Control Council as soon as the revised Level of Industry has been determined. Dates for the completion of delivery of various industrial categories will be fixed by the Control Council.

(c) the Control Council shall put in hand measures to hasten the procedure for the valuation, allocation, dismantling and delivery of capital equipment.

(d) the Control Council shall verify with the aid of quadripartite commissions the operations for the liquidation of war potential provided for in the preceding paragraphs [C.F. CFM/47/M/148, Part I, Section I, para 1 (4)] (CFM/47/L/28)

SOVIET POSITION

The Sov Delegation requests time to study the various proposals.

(Page 1, USDEL/47/L/16th M'g)

ACTION TAKEN BY CFM: None

TREATIES

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## FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

RESTRICTED

SUBJECT: REPAR'S. &amp; LVL OF IND. Information on Removals (Para 31, CFM/47/L/7 &amp; USDEL/47/L 16th M'g)

ORIGIN: CFM

FOUR POWER POSITION	US	UK	FR	SOVIET
<u>NO AGREEMENT</u>	<p><u>US PROPOSAL</u></p> <p>The US Delegation suggests that the wording:</p> <p>"the information on removals be submitted by 15 December 1948 by each delegation"</p> <p>be inserted in the text.</p> <p>(Page 2, USDEL/47/L/16th M'g)</p> <p>-----</p>	<p><u>UK PROPOSAL</u></p> <p><u>Para. 31</u></p> <p>Each of the Occupying Powers shall provide for the Council of Foreign Ministers information on the type and amount of reparations removals from its zone up to the present date and thereafter regularly to the Control Council.</p> <p>(Page 10, CFM/47/L/7)</p> <p>-----</p>		<p><u>SOVIET PROPOSAL</u></p> <p>The Sov Delegation accepts para 31 of the UK draft and suggests to add the following at the beginning of the sentence: "In connection with a general agreement on the question of reparations,"</p> <p>(Pages 1 &amp; 2 of USDEL/47/L 16th M'g)</p> <p>-----</p> <p><u>SOVIET POSITION</u></p> <p>The Sov Delegation accepts the US amendment provided that the CFM reaches general agreement on the question of reparations by Monday, 15 December 1948.</p> <p>(Page 3, USDEL/47/L 16th M'g)</p> <p>-----</p>
ACTION TAKEN BY CFM:	7008			