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C.P.(51) 164

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15TH JUNE, 1951

CABINET

SCHUMAN TREATY: ALLIED CONTROL OF GERMAN  
HEAVY INDUSTRY

Memorandum by the Secretary of State for Foreign Affairs

In C.P.(51) 147 I put before my colleagues the problem of the future of existing Allied controls over German heavy industry in the light of the Schuman Treaty. It will be recalled that the French are anxious to issue a public statement that, as the Schuman Treaty comes into effect, existing Allied controls should be abolished; the principal object of such a statement would be to facilitate the ratification of the Schuman Treaty in the German Federal Parliament. My colleagues invited me on 5th June (C.M.(51) 40th Conclusions, Minute 2) to discuss with the Minister of Supply "whether a further attempt could not be made to assure ourselves of adequate supplies of semi-finished steel from Germany before we agreed in principle that the existing Allied controls over the German coal and steel industries should be abandoned as soon as the Schuman Treaty came into effective operation".

2. The Minister of Supply and myself have in consequence reconsidered the problem of the future of existing Allied controls. We agree that it is important at the present juncture to take every opportunity of ensuring essential raw material supplies from Germany for British defence industries. It is proving increasingly difficult to get adequate supplies of scrap or of semi-finished steel products from the Germans, either under current trade negotiations or under the general guarantee given by the Federal Chancellor to the High Commissioners in March, 1951, to the effect that "the Federal Government will co-operate in the equitable apportionment of materials, products and services which are or may be in short supply or required for the common defence".

3. At the same time I regard it as important to determine as soon as possible what line we shall take about the future of existing Allied controls, since the French and United States Governments have for some time now been pressing us to send a representative to a further conference on the subject, and are particularly anxious to open discussions early in the week beginning 17th June.

4. I recommend to my colleagues that the Foreign Office should send a representative to discussions at Paris as proposed by the French, and that he should be empowered to agree (or to recommend to Governments) that existing controls over German heavy industry should be abolished (as recommended in C.P.(51) 147), when the appropriate machinery under the Schuman Treaty comes into operation, subject however to the important condition that the needs of the British defence industry for German raw materials (i.e. scrap and semi-finished steel products) are from now onwards adequately met.

5. This condition can be fulfilled in two ways:-
- (i) The Governments concerned can issue a joint declaration that existing controls over German heavy industry will be abolished at the appropriate time, subject to adequate fulfilment by the Germans of the guarantee on "equitable apportionment" given by the Federal Chancellor in March, 1951 (see paragraph 2 above).
  - (ii) We can join with the other Governments concerned in issuing a joint declaration of principle about the abolition of existing Allied controls, and simultaneously make a unilateral declaration both to the other Occupying Powers and to the Germans that we will, after ratification of the Schuman Treaty, only confirm our agreement to the abolition of controls if our defence needs are being adequately met under the "equitable apportionment guarantee".

A joint declaration by all Governments concerned, as envisaged in (i) above, would probably carry more weight with the Germans, but could hardly be phrased so as to cover our defence needs alone and would therefore have more general application. A unilateral declaration, as envisaged in (ii) above, might be less binding but would have more specific application to our vital needs.

6. I invite my colleagues to endorse the recommendation of paragraph 4 above and to express their opinion on which of the two methods suggested in the preceding paragraph would be more suitable for the attainment of our objective.

H.M.

Foreign Office, S.W.1,

15TH JUNE, 1951.



