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PAPERS

ALLIED
CONTROL
AUTHORITY
GERMANY

VOL. 5
OCT. - DEC.
1946

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ALLIED CONTROL AUTHORITY

GERMANY

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Oct. - Dec. 1946

ENACTMENTS AND
APPROVED PAPERS

R E S T R I C T E D

ENACTMENTS AND APPROVED PAPERS

OF THE
CONTROL COUNCIL AND COORDINATING COMMITTEE
1 OCTOBER 1946 - 31 DECEMBER 1946

Compiled by

LEGAL DIVISION
OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

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CONTROL COUNCIL

Directive No. 39

Liquidation of German War and Industrial Potential

The Potsdam decisions call for the liquidation of German war and industrial potential,

The Agencies of the Control Council have worked out a number of regulations with regard to the above problem, in particular regarding the prohibition and limitation of a number of industries (paper CONL/P(46)14 and a Plan for Reparations and Level of Post-War German Economy in accordance with the decisions of the Berlin Conference), concerning the prohibition and restriction of production, export, import, transportation and storage of war materials (a draft law is being considered), the liquidation of underground plants (Directive No. 22 of the Control Council), and control over scientific research (Law No. 25 of the Control Council), when all these measures have been actually carried out, the industrial basis for Germany's aggressive war actions will have been destroyed,

The Allied Authorities are faced with the task of implementing these decisions,

In the absence of a general plan of liquidation, practical measures for carrying out these decisions were taken by each zone independently. It is necessary to draw up an overall concrete plan for the systematic liquidation of the war potential showing date of liquidation insofar as is practicable, and establishing the order of carrying out the work. In order to attain this objective and keep a constant watch on the progress of liquidation of the war and industrial potential, the Control Council directs as follows:

1. That a complete census of that potential be taken with an account of the liquidation already carried out in the Zones.
2. That a clearly defined procedure of liquidation be worked out,
3. That the machinery to keep a watch on the progress of liquidation be established.

1. CENSUS

A. Classification by Categories

The census will consist of drawing up complete lists of plants, workshops, industrial installations, etc. (including their laboratories) which wholly or in part constitute a war potential (hereafter all the enumerated items will be called "plants").

Laboratories, in the actual meaning of the word, research institutions, experimental stations, which constitute a war potential are not taken into account in this memorandum, as their liquidation forms the subject of other documents (Law No. 25).

These lists will contain the following categories of Plants:-

Category I

Plants specially constructed, or principal shops of plants specially constructed, for the production of war materials, specified in Table 1, paragraph "A", of the Plan for Reparations, namely:

1. Tanks and special, tank equipment
2. General armament, except tanks
3. Aircraft and special aircraft equipment
4. War explosives and shell filling
5. Poisonous war substances
6. All underground plants

Category II

Plants specially constructed, or principal shops of plants specially constructed for the production of materials specified in Table 1, paragraph "A" 2-11, "B" and "C", of the Plan for Reparations, namely:

7. Sea-going ships (not interpreted to include small fishing vessels)
8. Magnesium
9. Primary aluminum and alumina for the purpose of producing aluminum
10. Beryllium
11. Vanadium produced from Thomas slags
12. Radio-active materials
13. Hydrogen peroxide above 41% strength
14. Radio transmitting equipment

15. Heavy tractors above the limits of capacity determined by the Allied Control Authority
16. Heavy machine tools of the sizes and types prohibited by the Allied Control Authority
17. Synthetic gasoline and oil
18. Synthetic rubber
19. Ball and taper roller bearings
20. Synthetic ammonia

Category III

Plants specially constructed, or principal shops of plants specially constructed for the production of materials specified in schedule B to a Control Council Law to be published, entitled "Law to Prohibit the Manufacture, Import, Export, Transport, and Storage of War Materials", and other materials included in paragraphs 5, 6, 7, and 8 of the Plan for Reparations, as may be determined by the appropriate authority of the Allied Control Authority,

Category IV

Peace-time plants, in which was specially installed the special purpose equipment for the production enumerated in Categories I and II or containing shops which were not principal shops, specially constructed for production enumerated in Categories I and II.

B. Preparation of Lists for each Category

The lists of plants of Categories I and II shall be prepared by the Committee for the Liquidation of German War Potential which shall keep in close contact with the Industry Committee,

The lists of plants of Categories III and IV shall be prepared by the Industry Committee which shall forward them to the Committee for the Liquidation of German War Potential.

2. RULES FOR LIQUIDATION

A. Principles

War plants in Germany must be liquidated, which means that buildings and equipment of those plants must be:

- (a) destroyed, or
- (b) declared available for reparations, or
- (c) left for the peace-time economy in cases where they can be used for the peace-time economy as provided for in paragraphs 3 and 5 below,

When dealing with each category, the following shall be the guiding principles :

Category I

- 1, Materials and equipment, suitable for reparations and not needed in other plants for permitted production in accordance with the Plan for Reparations, should be declared available for reparations and those not suitable for this purpose should be destroyed.
- 2, (a) All buildings specially adapted for the production of war materials, as well as buildings specially constructed for war purposes (anti-aircraft defense constructions, etc.), shall be destroyed.

(b) However, in cases of urgent necessity, the Zone Commander will have the right to use certain of these buildings for occupation requirements. During the time these buildings are being used, all steps will be taken to avoid the possibility of further utilization of these enterprises for war production. After being used as mentioned above, the buildings must be destroyed.
- 3, (a) As an exception, buildings of a general type can be converted or kept for peace-time use in manufacturing products or semi-finished products for permitted industries, including their use as warehouses, or can be used by the Zonal authorities for occupation needs.

(b) This exception may also, in very special cases, be extended to equipment on condition it is assured that maintaining this would not render possible without great difficulty, reconverting these into war factories.
- 4, Embankments, foundations, electric communications, water, sewage, and gas mains, railway sidings and any other means of communications shall be considered in the spirit of the decisions set out in the above paragraphs.
5. Underground plants must, in accordance with Control Council Directive No. 22 be blown up or flooded, in order to reduce them to a condition which would render their subsequent utilization impossible,

However, if the plants are situated in mines or in railway tunnels, etc., they may be reduced to a state in which they can be used for peace-time purposes.

Category II

Same measures as shown above. However, they may be temporarily suspended in respect of industries provided for in paragraphs B and C of Table 1 of the Plan for Reparations, namely:

1. Synthetic gasoline and oil
2. Synthetic rubber
3. Ball and taper roller bearings
4. Synthetic ammonia

Production should then be in accordance with the plan. Plants of this type which have not yet begun operation again may do so by a decision of the Zone Commander. The latter shall inform the Control Council on 1 November 1946, and then quarterly thereafter, of the volume of production in each plant in these industries which are operating. The Control Council will have the right to stop the operation of these plants if this is required for security reasons.

Category III

The Industry and Fuel Committees have been instructed to draw up lists of plants which are to be retained in Germany to cover peacetime requirements.

The Industry and Fuel Committees, taking into account the recommendations of the Committee for the Liquidation of German War Potential, must also consider the nature of equipment to be retained, as essential for such production, with a view to eliminating, as far as possible, those types of equipment which constitute a serious war potential.

The part of the plant which is to be retained after removal of reparations or destruction of the prohibited equipment, may be used, by the decision of the Zone Commander, for peacetime purposes, permitted under the Plan for Reparations and the Level of Post War German Economy.

Category IV

Equipment elected for the types of production listed in Categories I and II must be considered in the light of the decisions mentioned above for those categories.

B. Liquidation Program

After the Committee has received lists of plants in Categories I and II, the Committee for the Liquidation of German War Potential,

keeping in close touch with the Industry Committee, will, within the next one or two months, draw up a program for the liquidation of these *plants*, which are to be destroyed, indicating dates for completion of liquidation as far as is practicably possible.

The Zone Commanders may proceed with the destruction of War Plants without waiting to receive the overall plan, and after the removal of equipment declared available on account of reparations, Every possible precaution must be taken to safe-guard equipment, and dismantling must be carried out by specialists who shall be instructed at the same time to prepare all the necessary documentary records required for subsequent re-assembling of the equipment.

3. CONTROL OF EXECUTION

A. Certificate of Liquidation

After the liquidation of each plant, the Zone Commander shall draw up a certificate stating that, liquidation has been carried out, and send *it* to his national delegate in Berlin, who, in his turn, will submit *it* to the Committee for the Liquidation of German War Potential.

B. The Committee for the Liquidation of German War Potential, which is responsible for keeping account of the liquidation of plants will, for this purpose, draw up a register in which it will enter all the information to be communicated to it on the liquidation of plants.

C. The Committee for the Liquidation of German War Potential, will, at least every three months, submit a report to the Economic Directorate on the work of liquidating the war industry potential in Germany.

D. The Liquidation plan will provide for the immediate organization of Inter-Allied Commissions who will work under directives of the Committee for the Liquidation of War Potential for checking the degree of liquidation and of production of plants in Categories I and II, in all four zones of Germany, and these Commissions, by direct inspection and by other means, will prepare for the Committee for the Liquidation of War Potential information in the form of a report which, after it has been approved, will be submitted to the Economic Directorate for confirmation.

Done at Berlin on the 2nd day of October 1946.

R. NOIRET, General de Division
G. S. LUKYANCHENKO, Lieutenant General
LUCIUS D. CLAY, Lieutenant General
B. H. ROBERTSON, Lieutenant General

CORC/P(46)308 Final

COORDINATING COMMITTEE

Outer Geographical Limits for German Coastal Shipping

(Note by the Allied Secretariat)

1. The Transport Directorate had hitherto considered it desirable to require that coastal shipping left to Germany be prohibited entering foreign ports. The only exception that had been permitted concerned the journeys of German coastal shipping via Rotterdam for the transport of merchandise between the German ports and the Rhineland ports of Germany. A special authorization was to be obtained for each of these journeys.

2. The following two cases involving the use of German coastal vessels for special transport to foreign ports were raised in the Directorate, at its 35th and 36th meetings,

- a. The U. S. member proposed the use of German coastal vessels to bring from Ireland 2000 head of cattle (a gift from the Irish Government to the German population). These cattle will be delivered free on board ship in an Irish port.
- b. The Soviet member proposed the employment of five German coastal vessels of 1000 tons each (dead weight) to transport to Norway, on the outward journey, cargoes of mineral salts loaded in the ports of the Soviet Zone, and on the return journey cargoes of herrings and fertilizers. The total weight of the cargoes to be loaded was estimated at 22,000 tons. The ships at present in the British or U.S. Zone used for this purpose would remain under the control of the authorities of British and U.S. Zones.

3. The Transport Directorate agreed to raise no objections to the use of German coastal shipping for these two shipping movements. However, aware that authorization to carry out such movements would be in contradiction with the policy formerly followed to limit German coastal shipping to German ports, the Directorate submits this question to the Coordinating Committee for decision.

4. It is therefore requested that the Coordinating Committee authorize the German coastal vessels in question to operate beyond the geographical limits hitherto applied to them,

5, This paper is submitted to the Coordinating Committee for consideration at its 82nd Meeting on 7 October 1946.*)

J. L. BAUDIER, Consul-General

A. A. KUDRIAVTSEV, Major

H. A. GERHARDT, Colonel

K. G. EXHAM, Brigadier

Allied Secretariat

CORC/P(46)318

*) see page 9

8 October 1946

9
CORC/M(46)53

COORDINATING COMMITTEE

MINUTES

(Meeting of 7 October 1946)

562. OUTER GEOGRAPHICAL LIMITS FOR GERMAN COASTAL SHIPPING

The Meeting considered CORC/P(46)318.

THE MEETING:

(562) agreed

- (a) to authorize the voyages for which approval had been requested in CORC/P(46)318;
- (b) to instruct the Transport Directorate to draft and submit to the Coordinating Committee the regulations necessary to permit German vessels to visit foreign ports, it being understood that once these regulations are established the Transport Directorate will be allowed to authorize voyages other than those referred to in (a) above, without preliminary reference to the Coordinating Committee.