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BRITISH MINISTRY OF SHIPPING,
Bowling Green 9 - 5310,
25 Broadway,
NEW YORK.

REPRESENTATIVE IN THE U.S.A.

December 28th, 1939.

C.R. Eakins, Esq., of the Secretariat,
Ministry of Shipping,
Berkeley Square House,
LONDON, W.I.

Dear Mr. Eakins:

NEUTRALITY ACT

We confirm exchange of cables (your No. 32 received on the 22nd instant, and our reply, No. 82, of the 23rd) as per copies herewith.

On receipt of your cable, we conferred with the Embassy to get their views; we also discussed the matter with Mr. George de Forest Lorá (our Admiralty counsel) and Mr. Cletus Keating (another prominent Admiralty lawyer), both of whom have been very active in matters connected with the Neutrality Act, particularly in connection with trying to ease the burdens that this Act has placed on British vessels trading in the so-called cold belligerent zones, where of course these lines are still meeting competition of American-flag vessels.

It is our opinion - in which the Embassy fully concur - that it would be very inadvisable for any British interests to foster any amendment to the Neutrality Act at this time. There is still some weight of opinion in this country against what has already been done in removing the embargo on shipments of war materials to belligerent countries, and we feel that any attempt at this time by British interests to still further broaden the provisions of the Act might well react against us and very likely have the effect of interfering with the broader aspects of the situation and possibly result in certain restrictions being placed on the export of certain war materials.

The American exporters have found certain provisions of the Act, in connection with the transfer of title, rather onerous and quite a few of the American trade associations have in mind trying to have these provisions liberalized when Congress reassembles in January. They have in mind endeavoring to amend the Act so that the present title transfer provisions would be deleted and that exports should be treated, in so far as title is concerned, along the same lines as already provided for insurance in Section 2-(d) of the Act. This of course would not affect any of the credit provisions of the Act but if it was done, it would do away with all the troubles that have arisen in connection with obtaining and filing with the Customs authorities the necessary oaths covering the transfer of title.

In your cable you refer to the original proposed amendment to the Act, which was merely a deletion of the word "American" in Section 2-(g), which would have made this Section read in part as follows: "The provisions of subsections (a) and (c) of this section shall not apply to transportation by vessels (other than aircraft) of mail, passengers, or any articles or materials.....". Had this amendment been adopted it would, of course, have put vessels of all flags on an equal footing, in regard to the title question, in all trades other than those in the combat and restricted areas.

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In our opinion, it is most unlikely that Congress would be willing to again consider this particular amendment as there is a very decided feeling that as American vessels have been prohibited from trading in the combat and restricted areas, these vessels should receive special consideration in the other zones. If any amendment can be secured, it is our opinion that it is much more likely to be along the lines indicated earlier in this letter in connection with the insurance feature.

Yours faithfully,

(signed) E.P. Rees.

Director.

EPR:AM
Enclosures

(In Duplicate)