

MINUTE SHEET.

Reference 234/75/40.
May 18th 1940.

2

At I think our first meeting with the State Department about Enemy Exports at which Monsieur Rist and Mr. Ashton Gwatkin were present, Mr. Gwatkin read a two page summary of the legal arguments in reply to the United States note. He said that these arguments would provide the basis for the Foreign Office reply. This is the draft reply:

My own impression on reading this draft was that it was hopelessly out of date in ~~the~~ present circumstances, and that it would be a mistake to send it at all. I felt, however, that I should like my impression to be confirmed before committing myself, and have consulted the State Department quite privately. Their reaction is the same as mine. They feel that a long legalistic reply at this stage would be quite misplaced.

My consultation with the State Department was such that I don't think it should be quoted, but I think we should recommend to the Foreign Office that a reply on the present lines be not sent at all for the reasons stated, but that quite a brief friendly reply be sent saying that the contents of the note from the U.S. Charge d'Affaires have been noted and that while H.M. Government reserve their point of view on the points raised, they doubt whether any useful purpose will be served by further discussion of them at the present time, more particularly as this question of Enemy Exports was discussed at length with the Rist-Gwatkin mission, and that as a result arrangements were made for the re-examination of applications for exemption submitted by American firms. In this connection the Foreign Office could refer to the State Department press release of April 27th.

(This is the reply which Mr. Hickerson indicated to me they would be quite happy to receive and which would close the business.)

Mr. Butler
Chancery.

Amn

18/5

AKH:CS

The occupation of the Netherlands has confirmed the S.D. in their view that we have

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have been v. pig. headed over this. In

the view of latent developments for Helms

preferences are a) no reply

b) if reply. as

suggested in his minute.

I think we might write to

~~the~~ the General Dept. in the above sense.

X.

MB.
25/v.

Patt.

MB.

14/7