This has crossed our despatch No. 323 (116/5) enclosing a copy of our note to the State Department. We did not wait to send this note, as the american Department suggest that we may have done, until we learned their reaction to the State Department's note of February 17th. On the assumption that we did oso, they now instruct us to take the matter up again and in doing so to tell the State Department that unless a favourable answer is forthcoming, we would have to consider withdrawing the privileges which we have in practice been according to Pan American Airways. As the assumption on which these suggestions are made, is incorrect, we need not Philip them and indeed it would be hardly possible to do so at the present stage in view of the note which we have/sent to the State Department.

I submit a draft to the American Department explaining this.

AA Ish (or relim.)

April 12th, 1939.

AR:NT