

The U.S. note refers at the outset to "Supplies and Equipment", which is satisfactory, and does not again specify the articles which are to be accorded reciprocal privileges by the U.S. Customs.

? Now write to S.S. as at (A) in Mr. Rembold's minute of June 1 on 1/11/, and copy same to D.O. of boy with cover explaining no tactics.

Prey  
16/11

~~E.A.~~  
~~A.A.~~ } for old fish.

This seems quite satisfactory as far as it goes. But I am not entirely clear whether it embraces customs drawback in respect of payments already made since July 1937. (see para.6 of 215/20/1938). I fancy not. Nor, on looking at the papers again, am I any longer clear as to the question of fuel exemption. Group-Captain Pirie in his minute of June 13th (on 116/11/1939) mentions a considerable "duty" item. But presumably I.A. do not import fuel but purchase it in the U.S. and there is no import duty as in the U.K.. Is the reference therefore to an export duty? In other words what precisely is <sup>it</sup> that I.A. would wish to be exempt from?

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Rembold  
June 16th 1939.

[OVER.

as regards the recovery of Customs duties already paid. see the minute of my conversation with Mr Johnson on 26/5, para 2.

as regards fuel see my minute of 14/6. It must surely be the Federal excise tax which is in question. The S.D. letter refers only to Customs duties. I think our enquiry must take the form "Does this arrangement cover, or will you extend it to cover, Federal taxes on Gasoline & oil, seeing that P.A.A. are exempt from corresponding taxes in U.K. & British possessions."

\* Cf. His  
M. letter  
of 6/5.

J.P.P.  
7/6

This is most satisfactory. Can we now write back to the State Dept, presuming that their decision is retro-active, as P.A.A. have been exempted from paying Customs duty since July 1937; and that gasoline and oil Federal Taxes (amounting to \$1 a gallon on gasoline and \$4 a gallon on lubricating oil) are also covered? P.A.A. are exempted from our very heavy taxes on petrol and oil.

June 19th

C.P.

A.A.

Let us then send a copy of this note now to the F.O. with a short coverer pointing out that it is satisfactory as far as it goes expressly but that it does not appear to cover the two points of a) drawback from July 1937 and b) taxation on fuel and oil and that we propose to approach the S.D. again to make sure that they intend that it should cover b). This regards a)

that we think J.A. should act in the manner proposed by his official at (B. his Customs Bureau) at Port of Spain. If that fails we take up that also with S.D. on the basis of "substantial" authority.

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