

FED 10000/9
C.R.T. 18600

1939.

Series No.

FED 10000/9

Board of Trade.

Commercial Relations and Treaties Department.

Date of Paper
17.10. 39.
Date Registered
25.10. 39.
Previous Papers
Miss. Seager.

TREASURY CHAMBERS.
(Mr. S. D. Waley)

BT 271

5

12/37

Germany/U.K.

Regarding German interests in the United Kingdom.

BT 271/5

Referred to	Date	Referred to	Date	Referred to	Date
Mr. Fraser	30/10				
Mr. Wills	31/X				
Mr. Hodgson	7/11				
Mr. Henderson	3/11/39				
Companies Dept.					
Mr. Hodgson	4/11/39				
Mr. Wills	4/11/39				
Mr. D. Carter	9/11				
Mr. Skerble	10/11				
Mr. D. Carter	12/11				
Mr. Pippitt	16/11				
J. Dept.	24/1/40				
Mr. O. Maloney	3/4/42				
File	17/4/42				

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(1311). W.L. 12276/8803. 5,000. 5/39. N.P.Co. G.682/105a.

Mr Wills was used 6 17th Oct. 1941



Telephone No.: WHITEHALL 1234.
In any reply
please quote Regd. No.

F.16281.



TREASURY CHAMBERS,
WHITEHALL, S.W.1.

BOARD OF TRADE RECEIVED
25 OCT 1939
C.R. REGISTRY
17th October, 1939.

16600

Dear Wills,

I have just received a copy of a note from the American Ambassador dated September 13th, referring to the German statement that their policy in regard to British interests in Germany is based solely on the principle of reciprocity. It occurs to me that we ought to prepare a statement of what we are actually doing as regards German interests in the U.K. in order that the Germans may be equally scrupulous.

It also occurs to me that if we distribute some of the blocked Czech assets this may give rise to retaliation on a wider front by Germany, and I should like to know whether you have any views on that point.

I am sending copy of this to Fass and Troutbeck.

Yours sincerely,
S.D. Wales

J.J. Wills, Esq., C.B.E.,
Board of Trade.

Mr. Fraser
As you let me the
Mr. on 2, clear: DC
W. T. G. puts
20/10

①

②

① is for Mr. Bodgans I think.

② What is the present position regarding the Czech assets?

Please see P.Q. 8
Oct 17. DC 21/10
15/10

...ments, to
... Office.

MINUTE SHEET.

Reference C.R.T. 16600/39.

1.

See 15477/39

With reference to your query on the attached letter (doc.1), Mr. Waley has sent me the draft Bill about the Czech balances, in which it appears that the sum standing to the credit of the loan account is to be disposed of in some manner unstated, while the sum standing to the credit of the gift account shall be paid into the Exchequer and applied in redemption of debt - I gather, however, from the brackets, that this point is undecided. In any case, I have ascertained that it is not proposed to use any of the money for liquidating trade debts, the argument being that, as the money is "financial" and not "trade" money, it can only be used, first of all, for financial debts and this would absorb all of it.

Trade debts due to Czechs but not the assets blocked under the Czecho Slovakia restrictions on Banking Accounts Act are being paid to the Custodian. It has not yet been decided, however, whether the custodian is to make a register of trade debts due from Czechs. Mr. Waley is considering this question. We have ourselves collected a good deal of information on ^{the} ~~this~~ ~~point~~ amount of the debts.

R.T. 31/x

Mr. Wills

May I tell Mr. Waley that you are having a statement prepared on German interests in the UK. when I reply to the second part of his ltr. of Oct 17?

JHW 2/11

Mr. Hodgson

Is there anything to be ascertained re the statement of 25th Oct?

Mr. Henderson

I do not think so. (I have found a copy

WV 3/11

in this folder.

J.S.W. 4/12

I send a copy of the statement of 25th Oct to

Mr. Hodgson.

Mr. Wills

Mr. Waley on 1st Nov. This clears (1) in his letter of 17th Oct. [OVER]

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Copy sent, with Mr. Wills' compliments, to
R.M. Makins, Esq., Foreign Office.

G.R. 1.16600/39.

15th November, 1939.

Dear Waley,
In reply to your letter (F.16281) of October 17th,
Hodgson has sent you a statement of what we are doing about
German interests in the United Kingdom.

As regards the Czech assets, I gather that if you decide to
make a distribution of any of them, it will only be of those
assets which are blocked under the Restrictions on Banking
Accounts Act, and not e.g. the private bank accounts of
individual Czechs and trade debts due to them (whether or not
these were payable to the Custodian). If this is the position,
I doubt if there is any action which the Germans could take
strictly in kind; so that, if they are really acting on the
principle of reciprocity, I do not think they would retaliate
on a wider front. If, on the other hand, they want to
distribute the United Kingdom property which they hold, they
will very likely do so, excuse or no excuse.

When your Department have reached a decision on the
treatment of Czech assets, you should, I think, be in a position
to prepare, with the aid of Hodgson's statement, a note for
information of the United States Government.

S.D. Waley, Esq., C.B., M.C.
Treasury,
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Hodgson's note for the info of the U.S. Govt.
Very likely they will do so, excuse or no excuse.
I think I am sending a copy of this letter and of Hodgson's statement which R. Makins at the F.O.
for ready

1939 November 17th
G.O.P. T. 16600/39
16600/39

Dear Sir,
I am sending you a copy of this letter, and of the statement which Hodgson sent you, to Makins at the Foreign Office.
Yours sincerely,
(Sgd.) R. J. SHACKLE.

TREASURY CHAMBERS,
WHITEHALL, S.W.1.

I am sending a copy of this letter, and of the statement which Hodgson sent you, to Makins at the Foreign Office.

Yours sincerely,
(Sgd.) R. J. SHACKLE.



16600/39
16600/39

As regards Czech assets, no final decision has yet been reached, but if we take any steps it will be to legislate only in regard to the unexpended balance of our advance free gift and the unexpended balance of our advance to the former Czecho-Slovak Government. This should reduce the chances of German reactions to a minimum, since in fact we are only taking back our own money after the disappearance of the Government to which we had advanced to give or to lend it. Actually, however, these balances are the legal property of the National Government of Czecho-Slovakia so I cannot feel that German claims would be altogether out of the question.

I will let you know when we reach a decision.
Yours sincerely,
R. J. Shackle,
Board of Trade.

S.D. Wales
16600/39
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I sent to Makins at the F.O.

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Mr. Deuster

M. T. J. Jett

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TREASURY CHAMBERS,
WHITEHALL, S.W.1.



Telephone No.: WHITEHALL 1234.
In any reply
please quote Regd. No.

F.16281.

17th November, 1939.

*papers please
W. J. J.
13/12/39*

Dear Shackle,

Thanks for your letter of 15th November
(C.R.T. 16600/39) about German interests in the United
Kingdom.

As regards Czech assets, no final decision has
yet been reached, but if we take any steps it will be to
legislate only in regard to the unexpended balance of our
free gift and the unexpended balance of our advance to
the former Czecho-Slovak Government. This should reduce
the chances of German reactions to a minimum, since in
fact we are only taking back our own money after the
disappearance of the Government to which we had intended
to give or to lend it. Actually, however, these unexpended
balances are the legal property of the National Bank of
Czecho-Slovakia so I cannot feel that German reactions
would be altogether out of the question.

I will let you know when we reach a decision.

Yours sincerely,



*Some of our
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are being
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already.
D.C.*

R. J. Shackle, Esq.,
Board of Trade.

S. D. Waley

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Very likely

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do so, excuse or
no excuse.*

I think

*I am sending a copy of
this letter and of Hodgson's
statement which
Mr. Makins at the F.O.
has made.*

*Not you do
the work.*

Dear Walter, in reply to your letter F. 16281 of

October 17th, Hodgson has sent you a statement of what we are doing about German interests in the U.K.

As regards the Czech assets, I gather ~~the intention is to distribute~~ ^{the intention} ~~(to distribute)~~ ^{is to distribute} ~~and the (exchequer) only those~~ ^{which are} blocked under the Restrictions on Banking Accounts Act &

not e.g. trade debts due to Czechs ^{(whether or not they are} ~~payable to the~~ ^{custodian).} If ~~this is the~~ ^{position,} I ~~do not~~ ^{do not} think there is any action which ~~the~~ ^{strictly} Germans could take in kind; ~~if~~ ^{so that if} they are really acting on the principle of reciprocity, I do not think they would retaliate on a wider front.

If, on the other hand, they want to distribute the U.K. property which they hold, they will do so, excuse or no excuse.

I am sending a copy of this letter and of Hodgson's letter to Mr. Makins at the F.O.

Yours sincerely,
W. Makins

S.D. Walter Esq. C.B., M.C.
Treasury.

Copy with Mr. Lillie
Comptroller to R.M. Makins Esq.
F.O. - reply his by
C.16861/13107/18 of 31st Oct.
- Enclose also copy of doc. 3.

[Words in brackets
to be omitted.
D.C.]

That if you decide to make a distribution of any of them, it will only be of

D.C. the private bank
1911. accounts of
individual Czechs
+
Makins.

[In p.] When ~~you~~ ^{you} have received a decision on the treatment of Czech assets, you should be in a position to prepare, with the aid of Hodgson's statement, a note for the info of the U.S. Govt.

Very likely

I think

Not you in
the letter.

(3)

MEMORANDUM.

Under Section 7 of the Trading with the Enemy Act, 1939, power was given to the Board of Trade to appoint Custodians of Enemy Property with a view to preventing the payment of moneys to enemies and of preserving enemy property in contemplation of arrangements to be made at the conclusion of peace, and by the same Section the Board were empowered to require payment to the Custodian of moneys owing to or held for enemies and to vest in him such enemy property as might be prescribed, giving him such rights, powers, duties and liabilities in respect of vested property as they might think proper and to require returns to be made to the Custodian giving such information as he thought necessary for the discharge of his functions.

An Order under this Section was made on the 16th of September requiring payments to the Custodian of moneys payable to an enemy and requiring anybody holding or managing property on behalf of an enemy to give notice thereof to the Custodian.

Under this Order, debts due to enemies and moneys payable to them by persons in this country are being collected by the Custodian and paid by him into a separate account in his name at the Bank of England, to await, in the words of the Section "arrangements to be made at the conclusion of peace".

The Board of Trade have made no general Order vesting in the Custodian all property held in this country for enemies, and their policy generally is to refrain from making Vesting Orders except in two classes of cases -

- (1) enemy shares in British companies (a) controlled by enemies where vesting is necessary in order to preserve the property, or (b) in cases where such action is necessary to enable the company concerned

to fulfil the requirements of the Companies Act in regard to the carrying on of its business which would otherwise be impossible owing to the fact that the company and the enemy shareholders cannot maintain contact.

- (2) other property where its preservation pending "arrangements to be made at the conclusion of "peace" cannot be effectively secured unless it is vested in the Custodian.

28th October, 1939.



(C 16861/13107/18)

*This is yours I think
Mr. Anderson J.J. Wills (2)*

FOREIGN OFFICE, S.W.1.

31st October, 1939.

Dear Wills.

Troutbeck, who is now at the Ministry of Economic Warfare, has forwarded to me a copy of Waley's letter to you of the 17th October in which he suggested the advisability of preparing a statement of what we are actually doing as regards German interests in the United Kingdom in order that the Germans may be equally scrupulous.

2. As we have some interest in this question, I should be very grateful if you would send me a copy of your reply.

*Yours sincerely
R. Troutbeck*

J.J.Wills, Esq., C.B.E.