

As the Secretary of State showed in his letter, and as I am well aware, the question is one of great difficulty and presents very little probability of being successfully solved by any immediate settlement on a permanent basis. Until the policies which are to be followed in London and Washington have been settled, it would be difficult, and even embarrassing, for the Canadian authorities to make a final decision as to the way in which these assets should be dealt with.

The Secretary of State dealt, in his letter, with the difficulties that arise from the possible beneficial ownership by the enemy of monies and securities which, in point of form, are held by Netherlands companies, banking partnerships and individuals. There can be no disagreement as to the importance of ensuring that in no case should enemy advantage be served by relaxation of the control of the Custodian. It is consequently important that care should be exercised in such cases, while at the same time making adequate allowance for the desire of the Netherlands to assert greater control over the assets involved, and for the desirability of enabling Netherlands companies to carry on if at all possible.

It seems to me that there are two aspects to the general question which are to be recognized as requiring separate treatment. In the first place, there is the situation in which the corporate owner of certain assets is able to transfer its seat of operations from the occupied Netherlands to unoccupied territory. In such a case, if it can be reasonably well assured that the controlling personnel are not in any way associated with enemy interests, or likely to serve them, the most desirable course would seem to be to allow a release of assets. The transfer of the seats of Netherlands trading enterprises to the Netherlands West Indies or East Indies undoubtedly created circumstances in which it became possible for assets of these enterprises to be released. Since the Japanese occupation of the East Indies, new difficulties will have arisen, but I have no doubt that they, in turn, will be rectified by consequential commercial arrangements.

I think it may reasonably be considered that a certificate of transfer given by the Netherlands authorities in the case of any company is adequate evidence on which to assume that no enemy interest would be served by the full and free operation of such a company. Consequently, I am gratified to learn that the Secretary of State has adopted the policy set forth in the 10th paragraph of his letter. In dealing with the cases of trading companies which have transferred their seat from the Netherlands to the Netherlands West or East Indies, he has pointed out that releases will be given on a certificate from the Netherlands Minister that he has been satisfied that an effective change has taken place. He also pointed out that he has taken a similar action in respect of transfers from the East Indies to the West Indies. The adoption of this policy will remove one of the most serious sources of complaint from the Netherlands Government.

The second aspect of the general treatment of Netherlands assets to be considered is the position to be taken with regard to assets the owners of which cannot move or have not moved from enemy-occupied Netherlands territory, or are not eligible for certification in order to have their assets released to them even though they may have moved.

There does not seem to be much prospect of working out any arrangement, at any rate at the present stage, which would involve the transfer of monies and