

The administrative agencies proposed would consist of a Council representing all the participating governments, and two small Executive Boards, one in Washington and one in London. Membership on the Boards would be limited to those countries with a large amount of shipping to offer. Neutral nations would be invited to undertake control of shipping in their territories by adopting measures on the lines of U.K. and U.S. Ship Warrant schemes. Enemy tonnage would be controlled through the authorities administering surrender terms.

The U.S. has requested and the U.K. has agreed that machinery of requisitioning as distinct from control of voyages by direction or license be employed and that the controls be effective until six months after the conclusion of the war with Japan. Agreement has also been reached upon a number of general principles to be proposed jointly by the U.K. and U.S. to other maritime nations. (See Annex A hereto).

III. The need for international controls.

After the conclusion of hostilities in Europe, control of shipping will still be essential to facilitate prosecution of the war against Japan, to supply forces of occupation, to repatriate demobilized troops, and meet relief and rehabilitation needs. Controls are also desirable to facilitate an equitable and orderly transition from wartime to peacetime conditions in the shipping industry.

It will not be practicable to meet these needs merely by extending existing controls in their present form. For example, six months after the end of hostilities with Germany the time charters of vessels of certain of the European maritime nations will expire and it is expected that the governments concerned will then demand a greater voice in international shipping control.

IV. Implications of the U.K. proposals.

Participation by Canada in the U.K. - U.S. scheme would terminate the voluntary cooperation which Canada has maintained with the British Ministry of War Transport and the War Shipping Administration and involve instead the formal acceptance of a number of obligations. Moreover, although only the broad principles of the plan have been outlined, the following features require careful consideration from a Canadian point of view.

(i) Effective period of controls.

The original U.K. provision that controls be effective for "such time as may be necessary to complete the war and the tasks arising from it" would be preferable to the U.S. stipulation that they be continued until six months after the end of the war with Japan. It would be advisable, since the U.K. has accepted this stipulation, to assent to it on condition that Canada's vital export and import shipping requirements are assured of consideration as favourable as that accorded to any other country.

(ii) Canadian representation upon the Council and Boards.

From the communications received from the U.K. it is not clear whether Canada would be given representation on one of the Executive Boards which it is proposed to establish. If these were to consist only of U.K. and U.S. representatives, Canada might easily find herself at a disadvantage. Accordingly, it is desirable that Canada request membership upon one of these Boards.