

since come when there should no more be talk about the validity of measures legally enacted by the Netherlands Government.

The Netherlands Government being greatly concerned about this matter, it should be highly appreciated if the Canadian Government would clearly indicate its attitude towards Netherlands companies which have transferred their seats outside enemy-occupied territory.

It would seem that this could best be done by giving a definite reply to the questions which Mr. Groenman asked in his various letters and lately in his letter of April 8th, 1942, No. 2688^t, to wit: "are the transferred companies still in certain sense considered enemy-controlled and therefore prevented from disposing of their assets without the Custodian's cooperation?"

1515.

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*Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires des Pays-Bas*
*Secretary of State for External Affairs
to Chargé d'Affaires of The Netherlands*

No. 52

Ottawa, August 4, 1942

Sir,

I have the honour to refer to your memorandum of July 10, in which you drew attention to Mr. Pearson's letter of May 8 to Mr. Groenman and further correspondence concerning the disposition of Netherlands assets in Canada. I regret very much the delay which has occurred in the disposition of this matter, and which has made necessary the lengthy correspondence that has taken place.

There has, I think, been more misunderstanding than actual disagreement involved in this question. It will, perhaps, aid in dispelling this if I state that the Canadian Government has no intention of questioning in any way the legal effect of the Netherlands Legislation of April 26, 1940, which provided for the transfer of Netherlands companies, under specified conditions, from enemy-occupied to unoccupied territory. It is fully recognized that this was an Act passed in the normal manner by the properly constituted Government of the Netherlands.

It is also recognized by the Canadian Government that the measures taken by the Netherlands authorities with regard to the certification of transfers of corporations are designed to ensure that the companies concerned will, in fact, be free from any possibility of enemy control and will comply with the Netherlands provisions concerning trade with the enemy. This is, of course, not always an easy thing to ensure, due to the possibility that persons in apparent control may in reality be cloaks for interests of a questionable nature, but the Canadian Government is fully satisfied that every effort is made by the Netherlands authorities in this regard.

Perhaps the greatest source of difficulty lies in connection with cases of the type to which you refer in the third paragraph of the third page of your memo-