

C222666

## (b) Utilisation of tonnage built during the war.

Most of the United Nations will have at the end of the war substantially less merchant tonnage than before the war. The United States, however, will probably have by the end of 1944 three and a half times as much tonnage as she had in 1939. This additional tonnage was produced to meet imperative war needs of the United Nations; much of it is of the tramp type produced under war conditions, and some of it will be surplus to world requirements for this type of shipping.

(c) Reconstitution of fleets of maritime powers.

The principal maritime countries will undoubtedly seek to reconstitute their fleets, and to secure modern tonnage suitable for the conditions of post-war trading. A programme of reconstruction and development will be necessary for British shipping<sup>+</sup>, on both economic and defence grounds.

It is fundamental that we should maintain adequate ship-building facilities.

I would not propose that any attempt should be made to put specific limits to the shipping enterprise of any nation (other than ex-enemies). It is felt that the members of the British Commonwealth can rely for the development of their Merchant Navy upon:-

- (i) the efficiency of their merchant fleets;
- (ii) arrangements in the field of finance and commercial policy which will encourage the expansion of world trade; and
- (iii) international understandings or rules which

## would preclude unfair competition.

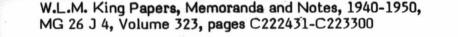
## (d) Re-establishment of shipping services on an economic basis

I would suggest that the general aim of the Governments of the British Commonwealth should be to enable British shipping to provide the Commonwealth and other parts of the world with efficient shipping services at a competitive price. This policy should not preclude co-operation among all flags to maintain freights at a remunerative level, subject to such safeguards as may be necessary to avoid prejudice to producers or consumers.

It seems necessary that, in subscribing to any code of fair play rules, the Governments of the British Commonwealth should:-

- (i) avoid any commitment which would restrict the freedom of British shipping to develop its competitive enterprise, subject to the general principle that shipping should be self-supporting;
  - + The phrase "British shipping" throughout this memorandum means shipping registered anywhere in the Commonwealth.

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