

are subject to the provisions of the Netherlands Royal Decree of May 24th, 1940. I am not aware, however, of similar negotiations with respect to assets of corporations that have transferred their seats to unoccupied territory. Such corporations are managed by free agents, recognized as such by the Netherlands Government, confirmation of the fact being found in the ratification of the steps taken by them to effect the transfer. As you probably know, it is explicitly provided in the relevant law (Act of April 26th, 1940, Staatsblad No. 200, an act passed by the Netherlands Legislature before the Netherlands were invaded) that the notarial instrument amending the by-laws of a corporation and embodying the transfer of its seat is not valid until it has been ratified by the Governor General or Governor of the territory to which the seat is transferred or by the Minister of Justice of the Netherlands Government. Naturally, such ratification is not given unless the authorities concerned are satisfied that the Managers of the corporation are free from enemy control and will comply with the Netherlands provisions concerning trade with the enemy, etc. Proof of the ratification is to be found in the publication of the transfer in the relevant official publication. It seems to me, therefore, that the customary communication from this Legation to your Department effectively provides the proof of freedom from enemy control to which the first question Mr. Pearson raised in his letter refers.

Nor can I see on what grounds it can be questioned whether the company and its new management (if indeed there is a management not consisting of the original officers) is in fact legally entitled to succeed to the control of whatever assets may be involved. I must confess that I am very surprised to see from Mr. Pearson's letter that the Canadian authorities apparently are still arguing about the legal effects of a law passed in the normal way by the Legislature of a friendly country, two years after our two countries became allied in the common struggle.

I would like in this connection to stress again what has been pointed out repeatedly by Mr. Groenman namely that my Government cannot acquiesce in a state of affairs wherein Netherlands companies properly transferred outside enemy-occupied territory are as it seems still in a certain sense considered "enemy-controlled companies" and the measures taken by the Netherlands Government for the successful prosecution of the war are apparently ignored by officials of an allied Government.

It should be borne in mind that a.o. the above-mentioned Netherlands law of April 26th, 1940, enabled the Netherlands Government to take measures which effectively prevented large Netherlands assets to fall in enemy hands and that this end has been fully attained wherever the consequences of this law have been recognized by other Governments.

Naturally if notwithstanding all precautions taken by the Netherlands authorities the Canadian Government might still entertain any doubts about the activities of Netherlands subjects or about officers of Netherlands corporations the Netherlands authorities concerned will, I am sure, be glad to do all that is in their power to help to dispel or confirm such doubts and in the latter case to have appropriate action taken. On the other hand, it seems the time has long