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P.M. (44) 11th Meeting, 10th May, 1944.

CONFIDENTIAL ANNEX, Minute 2.

**SHIPPING**

LORD LEATHERS referred to the paper which he had circulated - P.M.M. (44) 6 - summarising a number of important points in the shipping position. Post war shipping policy must be considered first in relation to the transitional period and, secondly, in its long-term aspects. In the transitional period, His Majesty's Government in the U.K. felt that it was essential to retain control of shipping if we were to meet the requirements of the war with Japan. An outline of the plan was already in the hands of the other Commonwealth Governments, and he hoped to be able to submit it shortly to the Allied Governments.

As regards long-term policy, the position was not yet sufficiently clear to enable him to formulate any definite proposals and it would be wise to postpone final decisions until later. There were, however, a number of points of interest, on certain of which he had touched in his note:-

United Nations' Control of Shipping and Shipbuilding Facilities of ex-Enemy Countries

We had ourselves in the pre-war period scrupulously observed the rules of fair play, but the enemy countries had not reciprocated. This was a point which must be borne in mind when we were making our plan.

It was proposed that during the transitional period enemy shipping should be put under the complete control of the Allies. If what were now enemy States were then to be allowed to own and operate ships, it should be under a code of rules of fair play which would prevent a recrudescence of this unfair competition.

Utilisation of Tonnage Built During the War

He had in mind, in particular, the large surplus tonnage in the United States which by the end of 1944 would probably have  $3\frac{1}{2}$  times as much tonnage as in 1939, and a dead weight of say  $47\frac{1}{2}$  million tons or  $33\frac{1}{2}$  million gross registered tonnage. The United States was likely to offer some portion of that surplus tonnage to the United Nations, although we had not yet got far on that subject. Possibly, a bigish block of 'Liberty' ships might come to us after the smaller Allies had been dealt with, but until there were more definite indications of the intentions of the U.S.A. there was little that could usefully be said. We should ourselves be faced with a very considerable