

It is not the intention of His Majesty's Government in the United Kingdom to order the sequestration or confiscation of Italian private property in England. The Custodian of Enemy Property is, under Trading with the Enemy Act, charged with the duty of keeping a record of property belonging to enemy nationals, amongst whom are now Italian nationals, who fall within the definition of "enemy" given in the act in question. In such property there can be no dealing without the Custodian's permission and intention is that it shall be preserved in contemplation of arrangements to be made at the conclusion of peace.

Lord Halifax would be grateful if the foregoing could be brought to the knowledge of the Italian Government through the appropriate channel, and if he could be notified at an early date of intentions of Italian Government as to treatment of British-owned property in Italy. Ends.

A reply has been received from the Italian Government (a) stating they do not intend to order sequestration or confiscation of private British property, (b) enquiring as to treatment accorded to Italian private property in the Dominions, India, the Colonies and mandated territories.

I should be glad to learn what reply it is desired should be transmitted to this enquiry in respect to Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, Newfoundland, Southern Rhodesia."

Later we received the following telegram (H.C.

No.1414 of August 22nd) from Wrong:-

"Reference Dominions Office telegram Circular D. 413, August 10th. Italian Government have informed the United Kingdom Government, through the Brazilian Embassy, that they have been notified that the office equipment of Italian Line at Montreal has been seized, and furniture and effects sold at public auction.

United Kingdom enquire what reply should be returned. They feel that the matter is of importance since manner of their request indicates belief that Italian private property has been unfairly treated in Canada and this may react unfavourably on their attitude towards British property in Italy, which is considerable."

These were brought to the attention of the Secretary of State and Justice.

On the basis of a reply from the Custodian, the following reply was sent to D.O. on August 31st: