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III : 2/1

RG-43
Paris Reparations Conf.
Entry 319 - Box 14

PARAPHRASE

Embassy Paris

SECRET

January 10, 1946 4 pm
10
January 12, 1946 8 am

Action: Mr. Angell
Infel Mr. Steere

FOR ANGELL

French Foreign Office, has transmitted formal reply to Embassy in answer to note giving views of Department on the possible use of sanctions against neutrals, as expressed in Department's No. 6003 (for Angell No. 53, December 21, 1945)

Summary of French note follows:

1. The necessity for reaching preliminary agreement among the US, UK and France in relation to the eventual use of certain sanctions against these neutral countries which might refuse to accede to the just demands of the 3 allied governments is agreed to by the Government of France.

2. Without utilization by the Allies of the threat of specific sanctions, the Ministry of Foreign Affairs feels that "the mere revocation of these measures would suffice to produce in their minds the salutory effect sought."

3. In most cases, the Ministry of Foreign Affairs hopes that it will not be necessary to apply sanctions. The French Government, aside from this reservation, sees no objection to the sanctions follows:

   a. The sale of all surplus property situated abroad to neutrals is prohibited.

   b. Admission to allied organizations refused

   c. Neutrals to be excluded from the proposals of Bretton Woods.

   d. Willingness of neutrals to comply with the basic demands would be taken into consideration with regard to membership in UNO.

4. The following comments on (a), trade sanctions and (b) financial sanctions were made by the Foreign Office: "It believes it necessary on the other hand to make it clear that France is linked with most of the neutral countries and in particular to Switzerland by recent economic and financial agreements which it cannot denounce without itself suffering serious loss. The measures envisaged could, therefore, only be taken insofar as they are not contrary to the provisions of the agreements in question, either with respect to the unblocking of assets in France belong to the neutral countries or with respect to trade with these countries."

In addition, the Ministry of Foreign Affairs stated that with respect to economic sanctions, insofar as they prohibited the export of certainproducts to the neutrals, the French Government wanted to avoid measures of a general nature which could involve the allies in a kind of economic warfare with the neutrals, but the Ministry saw no objection to having a prohibition on export limited to specific commodities such as cotton, petrol or wool. The Ministry of Foreign Affairs requested that the US should inform them of these commodities which the US intended to designate under

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the formula used in paragraph 5 of the US note. "Moreover, it would like to know what are the shipping facilities whose use would be withheld from the neutral states manifesting a recalcitrant attitude".

The Embassy gathers through oral conversations with officials of the Foreign Office, that the basic French position is against any type of sanction that would result in retaliation by the neutral countries and result in their refusal to ship goods to France which are badly needed.

You can see that the goods which the French mention are being acceptable for sanction use are not those for which France is considered a source of supply.

Ivan White is taking a copy of the note and translation to Washington where he will discuss the matter again with (being serviced)

Sent Department as 147, repeated to London as 17, Berlin as 10, For Angell Murphy and Clay.

ACHESON ACTING