

BRITISH EMBASSY,
WASHINGTON, D. C.

No. 349

April 18th, 1940.

My Lord,

With reference to the correspondence ending
 -/59 with Your Lordship's telegram No. 574 of the 14th
 April, I have the honour to transmit to Your Lordship
 -/61 herewith copies of an Aide Mémoire handed by my
 Counsellor to the Head of the Far Eastern Division at
 the State Department today setting out the result of
 the negotiations between the Japanese Government and
 His Majesty's Ambassador at Tokyo arising out of the
 -/60 situation at Tientsin. I also enclose copies of a
 draft memorandum containing the text of the formula
 on currency stated in Your Lordship's telegram under
 reference to have been agreed to by the Japanese
 Government. Mr. Butler observed to Mr. Hamilton that
 we were not certain that the finally approved text was
 word for word identical with that in the draft memo-
 randum. He explained that the Japanese had withdrawn
 their demand for a prohibition on the circulation of
 Chinese national currency in the Concession. He added
 that we were awaiting the Japanese agreement to our
 demands as regards withdrawal of the Japanese barrier
 restrictions which was a sine qua non to an agreement,
 and that an announcement would follow regarding the
 control of terrorist activities in the Concession.
 Mr. Butler promised that these texts would also be
 communicated to the State Department as soon as they
 were received by the Embassy. He repeated that we believed
 that/

INDEX

The Right Honourable

The Viscount Halifax, K. G.,
 etc., etc., etc.

NMB:CB:CL

that the above agreements were consistent with the principles of the Nine Power Treaty and with the policies that His Majesty's Government were seeking to carry out in step with other governments.

2. Mr. Hamilton expressed gratitude for the two documents communicated to him and said that they seemed to correspond with information about them which the State Department had received already from the United States Ambassador at Tokyo. He made no further comment having a very busy afternoon with the Secretary of State concerning other Far Eastern problems that required urgent attention.

3. I am sending copies of this despatch with the enclosures to His Majesty's Ambassadors at Tokyo and Shanghai.

I have the honour to be,
with the highest respect,

My Lord,

Your Lordship's most obedient,
humble servant,

(SGD) LOTHIAN