

INDUSTRIAL DIAMONDS

Agreement and exchange of notes signed at London March 26, 1943
Entered into force March 26, 1943
*Terminated June 2, 1946*¹

57 Stat. 931; Executive Agreement Series 317

The Government of the United States of America, the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland considering that it is desirable, as a precaution against the adverse fortunes of war, to create a reserve of industrial diamonds upon the North American Continent, for possible needs of the United Nations, have agreed as follows:

ARTICLE 1

Statement of Principle

The contracting Governments intend that the normal consumption requirements of the various nations shall be met currently from mine production and from stocks in the United Kingdom and various producing countries, and that the reserve hereinafter provided for shall not be drawn upon except under the conditions stated in this agreement.

ARTICLE 2

Size of Reserve

The reserve shall contain a minimum quantity of 11,500,000 carats of diamonds suitable for the uses specified in Appendix I and containing so far as possible the quantities in the various sizes specified under those uses.

ARTICLE 3

Composition of Reserve

The Government of the United Kingdom will take such steps as are practicable for the reserve to be established by the transfer to Canada of stocks of diamonds held by diamond producing companies and by the Diamond

¹ Nine months after Japan signed instrument of surrender (EAS 493, *post*, p. 1251); see art. 14.

Corporation in the quantities and of the descriptions set forth in Appendix II. Appendix II also sets forth the quantities of diamonds of the various use classifications and sizes which it is estimated will be found in the total quantities to be transferred by each company.

ARTICLE 4

Transfer of Reserve

Transfer of the reserve shall begin as soon as possible after the date of signature of this agreement. The Government of the United Kingdom will use its best efforts to ensure transfer at a rate of 600,000 carats per week, but single shipments shall not exceed 300,000 carats each. The quantities so transferred shall be kept in safe keeping in such places in Canada as may be approved by the respective Governments. In the event that the Government of the United Kingdom desires to maintain a portion of the reserve in the United States, the Government of the United States will provide the necessary safe depositories.

ARTICLE 5

Maintenance of Production and Supply

The Government of the United Kingdom and the Government of the United States agree to take all practicable steps to maintain production at, or, if necessary, to increase it to levels adequate to provide both for the full current requirements of the United Nations, and for the maintenance of the present stocks in the United States and the United Nations reserve. The Government of the United States will use its best efforts to maintain an adequate supply of industrial diamonds to Canada to meet the current requirements of Canadian industries and to maintain existing stocks. Estimates of the current annual requirements of the United Nations made as of the 30th June, 1942, are set forth in Appendix III. It is understood, however, that such actual requirements may vary from these estimates from time to time.

ARTICLE 6

Conditions of Withdrawal

A. Withdrawal by the United States

The Government of the United States shall be entitled to draw upon the reserve stock, in any classification, when the United States stock of that classification falls to a quantity less than 90 per cent. of the normal stock as of the 30th June, 1942. The normal stocks as of the 30th June, 1942, are set forth by classifications in Appendix IV and are the stocks in private and Government hands in the United States including 4,505,000 carats of boart purchased but not delivered as of that date. Upon notice furnished to the Government of the United Kingdom by the Government of the United States that the stock of any classification has fallen below 90 per cent. of such

normal stock, the Government of the United Kingdom undertakes to take all reasonable steps to make shipments to restore such stock to the figures set forth in Appendix IV for such classification within 60 days. If, at the end of such 60-day period, the shipments have not been made, the Government of the United States shall be entitled to draw upon the United Nations reserve in quantities sufficient to restore the stock of such classification to the figures set forth in Appendix IV for such classification. The Government of the United States may effect such withdrawals through the Metals Reserve Company or any other Government agency or department or through merchants or other private parties nominated by it.

B. Withdrawal by the United Kingdom

The Government of the United Kingdom may draw upon the United Nations reserve when, in its opinion, it becomes impracticable to meet current requirements from stocks in the United Kingdom or from African stocks or production. The Government of the United Kingdom shall, under such circumstances, formally assure the Government of the United States of the reasons and need for such withdrawal.

C. Withdrawal for Canadian Requirements

If the stocks in Canada of industrial diamonds of any of the descriptions mentioned in Appendix IV fall at any time below the quantity of that description consumed in Canada during the preceding six months the Government of Canada may notify the Government of the United Kingdom and the Government of the United States that a shortage of industrial diamonds of that description exists. If the shortage of that description is not met either by delivery from the United States or from the United Kingdom within 90 days of the date of notification then the Government of the United Kingdom shall withdraw from the reserve for requirements in Canada such quantities of diamonds as are required to remove the shortage.

D. Withdrawals for other United Nations Requirements

Withdrawals for the requirements of other United Nations may be made after consultation between appropriate representatives of the Government of the United States and the Government of the United Kingdom.

E. Combined Raw Materials Board

The provisions of this Article are subject to any action which may be required as the result of decisions by the Combined Raw Materials Board.

ARTICLE 7

Prices of Material Withdrawn and Expenses of Transfer

Industrial diamonds withdrawn from the United Nations reserve shall be withdrawn at United States dollar prices for comparable material (converted from Sterling at the official rate at the date of such withdrawal) ruling

on the 30th June, 1942, to which prices may be added reasonable amounts to cover the proportion of the cost of the establishment, maintenance and liquidation of the United Nations reserve attributable to the diamonds withdrawn. Provided that if the ceiling prices of industrial diamonds in the United States are raised, the prices ruling on the 30th June, 1942, and chargeable hereunder may be raised by the same percentage as the percentage increase or increases in such ceiling prices. Since it is probable that the United Nations reserve will include certain quantities of cuttable material not normally employed for industrial purposes but suitable therefor, the Government of the United Kingdom will, in the event of an emergency requiring the use of such cuttable material, employ its best efforts to furnish this material to the United Nations at reasonable prices reflecting the utility of the material and its cost of production for industrial purposes and not its value as gem stones.

All expenses of the transfer of diamonds to North America for the United Nations reserve and of the maintenance, sorting and liquidation of the reserve including indemnity for any loss or damage to the diamonds shall be advanced in equal proportion by the Government of the United States and the Government of the United Kingdom subject to reimbursement from any sales from the reserve to the extent that the prices of sales from the reserve include, directly or indirectly, amounts which the Governments have advanced in respect of the establishment, maintenance and liquidation of the reserve. The Government of the United States undertakes to advance in the first instance any disbursements incurred in United States or Canadian dollars. On the liquidation of the reserve such part of the above-mentioned expenses as has not been reimbursed from sales from the reserve shall be shared equally by the two Governments. The Ministry of Supply of the United Kingdom will keep running accounts of advances and reimbursements.

ARTICLE 8

Sorting of Material

The Government of the United Kingdom will make adequate arrangements with the producing companies and with the Diamond Corporation to ensure that the United Nations reserve is sorted into the usual assortments of the Diamond Corporation upon its transfer to Canada and that such other necessary arrangements are made that withdrawals in accordance with the provisions of Article 6 can be made without any delay.

ARTICLE 9

Agreement with Producers

The Government of the United States and the Government of Canada take note of the draft agreement between the Minister of Supply of the United Kingdom and certain diamond producers, the Diamond Corporation, Ltd.

and the Diamond Trading Company, Ltd., which is reproduced as Appendix V and will, so far as may be necessary, afford facilities for the performance of the terms of such an agreement.

ARTICLE 10

Exchange of Information

A. Information furnished by the Government of the United States

The Government of the United States undertakes to furnish to the Government of the United Kingdom within 90 days after the end of each quarterly period commencing with that ending on the 31st December, 1942, a statement, by classifications, of the stocks of industrial diamonds in the United States and of estimated purchases in South America until the end of 1946.

B. Information furnished by the Government of the United Kingdom

The Government of the United Kingdom undertakes to furnish to the Government of the United States, within 90 days after the end of each quarterly period commencing with that ending on the 31st December, 1942, a statement by classifications of the stocks of industrial diamonds included in the United Nations reserve. Such statements shall include a summary of the results and progress of sorting in Canada. The Government of the United Kingdom further agrees to furnish quarterly statements to the Government of the United States of stocks in the United Kingdom (separately for merchants, the Diamond Corporation and its affiliates, and producers) and, so far as possible, of stocks in the hands of producers in Africa.

Miscellaneous Provisions

ARTICLE 11

Nothing in this agreement shall be construed to prevent any of the United Nations from acquiring additional quantities of industrial diamonds through purchase for its national reserve if diamonds are available and can be supplied without interfering with supplies for normal consumption and for the implementing of this agreement.

ARTICLE 12

The three contracting Governments agree to take such steps as are reasonable and practicable to ensure that all diamonds acquired by any person as industrial diamonds are sold by the most direct channels for use in industry and that they are not bought or sold speculatively or for hoarding.

ARTICLE 13

The Government of the United States and the Government of the United Kingdom will each appoint a representative to meet and adjust any difficulties

of interpretation of this agreement which may arise from time to time. In any question affecting Canadian interests the Government of Canada may appoint a representative to collaborate with the representatives of the other two Governments.

ARTICLE 14

Duration of Agreement

This agreement shall operate from the date of signature and, except by mutual consent, it shall terminate nine months after the cessation of hostilities. For the purpose of this clause the cessation of hostilities shall be the date on which there is a general suspension of hostilities between the United Kingdom and the United States (or the later of them to suspend hostilities) on the one hand and the last of the enemy Powers with whom they are now at war on the other hand.

Done in triplicate in London, the 26th day of March, 1943.

On behalf of the Government of the United States of America:
H. FREEMAN MATTHEWS

On behalf of the Government of Canada:
VINCENT MASSEY

On behalf of the Government of the United Kingdom of Great
Britain and Northern Ireland:
ALEXANDER CADOGAN

APPENDIX I

Quantities and Sizes of Industrial Diamonds for various uses which should, so far as possible, be contained in the United Nations Reserve (Article 2)

	<i>Carats</i>
I. Drilling material	
14 per carat and under.....	1, 790, 000
II. Material for drilling and dressing grinding wheels	
14 per carat to $\frac{1}{3}$ carat.....	431, 000
III. Material for dressing grinding wheels	
(a) $\frac{1}{8}$ to 1 carat.....	255, 000
(b) 1 to 2 carats.....	420, 000
(c) 2 to 6 carats.....	227, 000
(d) 6 carats and over.....	40, 000
IV. Material for shaped tools	
(a) $\frac{1}{8}$ to 1 carat.....	—
(b) 1 carat and over.....	20, 000
V. Material for wire drawing dies	
(a) $\frac{1}{8}$ to $\frac{1}{3}$ carat.....	—
(b) $\frac{1}{3}$ to 1 carat.....	—
(c) Over 1 carat.....	1, 000
VI. Carbons.....	—
VII. Crushing board.....	8, 350, 000
Total.....	11, 534, 000

APPENDIX II

Quantities of Diamonds to be transferred to the United Nations Reserve by Producing Companies and the Diamond Corporation, together with an estimate of quantities of various sizes suitable for the under-mentioned uses included therein (Article 3)

<i>Quantities to be transferred</i>	A	<i>Carats</i>
1. Companhia de Diamantes de Angola.....		700,000 run of mine
2. Consolidated African Selection Trust, Ltd.....		82,000 serie goods 430,000 original boart 72,000 sand 150,000 run of mine (less dust) 66,000 Ball-Mill product
		<hr/> 800,000 carats
3. Sierra Leone Selection Trust, Ltd.....		105,000 serie goods 1,025,000 original boart 358,000 run of mine 12,000 sand
		<hr/> 1,500,000 carats
4. Société Internationale Forestière et Minière du Congo.....		2,000,000 pre classe 5,000,000 original crushing boart
		<hr/> 7,000,000 carats
5. Diamond Corporation, Ltd. (Incorporated in the Union of South Africa).....		184,378 United Kingdom reserve 3,000,000 boart 35,000 selected stones
		<hr/> 3,219,378 carats

B

<i>Estimated Composition of Material to be transferred</i>	<i>Carats</i>
I. Drilling material 14 per carat and under.....	495,500
II. Material for drilling and for dressing grinding wheels 14 per carat to ½ carat (including material for wire drawing ⅛ to ½ carat).....	618,000
III. Material for dressing grinding wheels, for shaped tools and for wire drawing dies	
½ to 1 carat.....	588,500
1 to 2 carats.....	564,378
2 to 6 carats.....	191,000
6 carats and over.....	37,000
IV. Crushing and better boart.....	10,179,500
V. Cuttable—not useful industrially.....	545,500
Total.....	<hr/> 13,219,378

APPENDIX III

Estimate made at 30th June, 1942, of the Supplies of Industrial Diamonds required annually to meet the current needs of the United Nations (Article 5)

	United States and Canada.	United Kingdom, U.S.S.R. and other countries.	Total.
	Carats	Carats	Carats
I. Drilling material			
14 per carat and under.....	600,000	125,000	725,000
II. Material for drilling and dressing grinding wheels			
14 per carat to $\frac{1}{2}$ carat.....	250,000	150,000	400,000
III. Material for dressing grinding wheels			
(a) $\frac{1}{8}$ to 1 carat.....	150,000	70,000	220,000
(b) 1 to 2 carats.....	150,000	80,000	230,000
(c) 2 to 6 carats.....	80,000	60,000	140,000
(d) 6 carats and over.....	20,000	—	20,000
IV. Material for shaped tools			
(a) $\frac{1}{8}$ to 1 carat.....	20,000	35,000	55,000
(b) 1 carat and over.....	8,000	17,000	25,000
V. Material for wire drawing dies			
(a) $\frac{1}{8}$ to $\frac{1}{2}$ carat.....	35,000	16,000	51,000
(b) $\frac{1}{2}$ to 1 carat.....	8,000	7,500	15,500
(c) Over 1 carat.....	—	—	—
VI. Carbons.....	—	—	—
VII. Crushing board.....	4,300,000	1,000,000	5,300,000
Total.....	5,621,000	1,560,500	7,181,500

APPENDIX IV

United States' normal stock of Industrial Diamonds as at 30th June, 1942 (Article 6A)

	Carats
I. Drilling material	
14 per carat and under.....	1,185,000
II. Material for drilling and dressing grinding wheels	
14 per carat to $\frac{1}{2}$ carat.....	663,000
III. Material for dressing grinding wheels	
(a) $\frac{1}{8}$ to 1 carat.....	406,000
(b) 1 to 2 carats.....	307,000
(c) 2 to 6 carats.....	150,000
(d) 6 carats and over.....	55,000
IV. Material for shaped tools	
(a) $\frac{1}{8}$ to 1 carat.....	79,000
(b) 1 carat and over.....	20,000
V. Material for wire drawing dies	
(a) $\frac{1}{8}$ to $\frac{1}{2}$ carat.....	76,000
(b) $\frac{1}{2}$ to 1 carat.....	65,000
(c) Over 1 carat.....	19,000
VI. Carbons.....	59,000
VII. Crushing board and powder.....	13,116,000
Total.....	16,200,000

APPENDIX V

Draft Agreement between the Minister of Supply and Diamond Producing Companies, the Diamond Corporation and the Diamond Trading Company, Limited, regarding a United Nations Reserve of Industrial Diamonds

THIS Agreement is made the _____ day of _____, 1943, between Companhia de Diamantes de Angola, a company incorporated in _____ whose principal office is situate at _____ Consolidated African Selection Trust, Limited, whose registered office is situate at _____ Sierra Leone Selection Trust, Limited, whose registered office is situate at _____ and Société Internationale Forestière et Minière du Congo, a company incorporated in _____, whose principal office is situate at _____ (hereinafter together called "the Companies") of the first part, the Diamond Corporation, Limited, a company incorporated in the Union of South Africa, whose principal office is situate at _____ (hereinafter called "the Corporation") of the second part, the Diamond Trading Company, Limited, a company incorporated in the Union of South Africa, whose principal office is situate at _____ (hereinafter called "the Trading Company") of the third part, and the Minister of Supply (hereinafter called "the Minister") of the fourth part.

Whereas it has been agreed between the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, and the Government of the United States of America that it is desirable as a precaution against the adverse fortunes of war to create a reserve of industrial diamonds (hereinafter referred to as "the Reserve") in Canada for possible needs of the nations now associated with them in war

And whereas the Companies, the Corporation and the Trading Company have agreed to collaborate with the Minister in the establishment of the Reserve in manner hereinafter appearing

Now it is hereby agreed as follows:

ARTICLE 1

Each of the Companies and the Corporation will transfer to addresses in Canada approved by the Minister the quantities and descriptions of diamonds stated against its name in Schedule I of this Agreement. The aggregate of such diamonds when so transferred shall constitute the Reserve.

ARTICLE 2

The diamonds in the Reserve will remain the property of one of the Companies or the Corporation or the Trading Company as the case may be and shall be sold to any person who is not a party to this Agreement only at the request of the Minister and by or through the Trading Company and in accordance with any contracts between the Companies and any of them and the Corporation which may for the time being be operative.

ARTICLE 3

No part of the Reserve shall be removed from the approved addresses in Canada except with the consent of the Minister or except at the request of the Minister to meet an emergency requirement for industrial diamonds notified to the Corporation by the Minister. On receipt of such notification, the Corporation will arrange for the sale from the Reserve of such classes and quantities of diamonds to the Government of or merchants in the

country where the emergency requirement has arisen as may be specified in the notification. The notification will specify the quantities of diamonds to be sold in the normal selling classifications of the Trading Company and each of the Companies will sell to the Corporation, according to the normal contracts existing between it and the Corporation, such quantities and classes of diamonds as the Corporation may call upon it to provide as being necessary to meet the emergency requirement.

ARTICLE 4

(1) It is the intention of the parties hereto that the Companies, the Corporation and the Trading Company shall be relieved of all payments in connexion with the diamonds provided for the Reserve other than payments which the Companies, the Corporation or the Trading Company would have made if the diamonds had not been provided for the Reserve and with a view thereto the following provisions shall apply:

(2) The Minister shall—

(a) discharge all expenses of the transfer of diamonds to North America for the Reserve and of the maintenance, sorting and liquidation of the Reserve;

(b) discharge all other proper payments, including all (if any) taxes, duties, assessments or charges, whether on export, sales, income or otherwise, which would not have been incurred or levied if the diamonds had not been removed to North America for the purposes of the Reserve.

(3) Each of the Companies shall refund to the Minister from the proceeds of the sale by it of any diamonds comprised in the Reserve such expenses or payments discharged by the Minister in respect of those diamonds as the Company would have discharged if those diamonds had been sold in London to the Diamond Corporation on the 30th June, 1942.

(4) The Diamond Corporation shall refund to the Minister from the proceeds of the sale by it of any diamonds comprised in the Reserve such expenses or payments discharged by the Minister in respect of those diamonds as the Corporation would have discharged if those diamonds had been sold by it on the 30th June, 1942.

(5) The Trading Company shall refund to the Minister from the proceeds of the sale by it of any diamonds comprised in the Reserve such expenses or payments discharged by the Minister in respect of those diamonds as the Trading Company would have discharged if those diamonds had been sold by it in London on the 30th June, 1942. In addition, the Trading Company shall refund to the Minister from the sales of diamonds comprised in the Reserve the proceeds of such additions (if any) to the selling prices of the 30th June, 1942, as are made to the selling prices of those diamonds under Article 7 of this Agreement to meet the additional costs of the Minister.

(6) If on the termination of this Agreement there remain unsold any diamonds which were included in the Reserve the Minister will be entitled to the refund out of the proceeds of the sale of those diamonds by the Company owning them, the Corporation and the Trading Company of only such expenses or payments discharged by him in respect of those diamonds as the Company, the Corporation and the Trading Company respectively would have discharged if the diamonds had not formed part of the Reserve. The Minister will, however, be prepared to consider with the other parties hereto when the time arises whether this obligation should be discharged by part payment of the estimated amount due from those other parties or otherwise.

ARTICLE 5

The transfer of diamonds to Canada under this Agreement shall begin as soon as possible after the date of signature of this Agreement and the Companies and the Corporation severally undertake to use their best efforts to transfer the diamonds mentioned in Schedule I opposite their respective names at a rate not less than the rate set forth and from the date set forth in Schedule II for each Company. Single shipments shall not exceed 300,000 carats each.

ARTICLE 6

The Companies and the Corporation will arrange for the sorting of the diamonds in the Reserve in such manner as will enable the quantities of industrial diamonds suitable

for the various industrial uses to which they are put to be estimated readily and in such manner as they will be readily available for sale in the usual selling classifications of the Trading Company. A report on the quantities of diamonds of various classes in the Reserve and of the progress of the sorting will be furnished to the Minister by each of the Companies, the Corporation and the Trading Company or by the Corporation on their behalf for each quarter commencing with that ending on the 31st March, 1943, and at the end of each three months thereafter.

ARTICLE 7

The prices at which the diamonds will be sold from the Reserve will be the Trading Company's selling prices in operation on the 30th June, 1942, with the addition of such amounts as are estimated by the Minister to be reasonable to cover the additional costs of the Minister, the Companies, the Corporation and the Trading Company for the establishment, maintenance and liquidation of the Reserve (including the costs of returning diamonds to the United Kingdom and insurance mentioned in Articles 9 and 10), provided that if the ceiling prices of industrial diamonds in the United States are raised the Trading Company's selling prices for diamonds in the Reserve may be increased correspondingly with the consent of the Minister. If rough diamonds of cuttable quality not normally sold as industrial diamonds are sold out of the Reserve as industrial diamonds, the prices to be charged by the Trading Company will be such reasonable prices as reflect the utility of the material and its cost of production for industrial purposes and not its value as gem stones. Such diamonds shall be sold at those prices subject to an undertaking that they will be re-sold only for use in industry and notification of such sales will be made to the Minister.

ARTICLE 8

The Companies, the Corporation and the Trading Company severally agree to furnish to the Minister within 30 days after the end of each quarterly period commencing with that ending on the 31st March, 1943, a statement of the stocks of industrial diamonds which they hold, with such information as to the quantities of the various classes mentioned in Schedule I contained in the stocks as will enable an estimate to be made of the quantities which are suitable for various industrial uses.

ARTICLE 9

The Minister will make provision at his own expense for the return to the United Kingdom of the diamonds remaining in the Reserve at the termination of this Agreement.

ARTICLE 10

The Minister will pay the costs of insuring at the current selling prices of the owners the diamonds provided for the Reserve against all insurable risks of damage or loss from the date when the diamonds are despatched from storage *en route* to Canada until they are sold or returned to the United Kingdom in accordance with the provisions of Article 9 or otherwise cease to be covered by this Agreement, whichever first happens. These costs shall be regarded as expenses for the purpose of refunds to the Minister under Article 4 of this Agreement.

ARTICLE 11

This Agreement shall operate from the date of signature and, unless in view of the passing of the emergency it is terminated earlier by mutual consent, shall terminate nine months after the cessation of hostilities, except as regards the reimbursement of expenses referred to in Article 4 hereof. For the purpose of this clause the cessation of hostilities shall be the date on which there is a general suspension of hostilities between the United Kingdom and the United States of America (or the later of them to suspend hostilities) on the one hand and the last of the enemy Powers with whom they are now at war on the other hand.

ARTICLE 12

This Agreement shall be construed according to the law of England.

SCHEDULE I

Quantities of Diamonds to be transferred to the United Nations Reserve by Producing Companies and the Diamond Corporation

1. Companhia de Diamantes de Angola	700,000 carats run of mine
2. Consolidated African Selection Trust, Ltd.	82,000 carats serie goods 430,000 carats original boart 72,000 carats sand 150,000 carats run of mine (less dust) 66,000 carats Ball-Mill product
	<hr/> 800,000 carats
3. Sierra Leone Selection Trust, Ltd.	105,000 carats serie goods 1,025,000 carats original boart 358,000 carats run of mine 12,000 carats sand
	<hr/> 1,500,000 carats
4. Société Internationale Forestière et Minière du Congo	2,000,000 carats pre classe 5,000,000 carats original crushing boart
	<hr/> 7,000,000 carats
5. Diamond Corporation, Ltd. (Incorporated in the Union of South Africa)	184,378 carats United Kingdom reserve 3,000,000 carats boart 35,000 carats selected stones
	<hr/> 3,219,378 carats

SCHEDULE II

Rate of Transfer of Diamonds to Canada for the United Nations Reserve

Companhia de Diamantes de Angola.	35,000 carats run of mine goods each week from the week commencing 1943.
Consolidated African Selection Trust, Ltd.	40,000 carats each week from the week commencing , 1943, spread as most convenient over the various classes of goods to be transferred.
Sierra Leone Selection Trust, Ltd	70,000 carats each week from the week commencing , 1943, spread as most convenient over the various classes of goods to be transferred.
Société Internationale Forestière et Minière du Congo	320,000 carats each week from as soon after the , 1943, as is possible, preference being given to the shipment of pre classe goods.
Diamond Corporation, Ltd	184,378 carats United Kingdom reserve during the two weeks commencing , 1943, and 145,000 carats of boart each week from the week commencing , 1943, 35,000 carats selected stones as early as possible.

EXCHANGE OF NOTES

The American Chargé d'Affaires ad interim to the British Prime Minister

EMBASSY OF THE
UNITED STATES OF AMERICA

London, March 26, 1943.

No. 2536.

SIR,

I have the honor to refer to Article 14 of the Agreement regarding Industrial Diamonds signed this day between the Governments of the United Kingdom of Great Britain and Northern Ireland, Canada, and the United States of America, which provides for the termination of the arrangements for maintaining and operating the United Nations reserve of industrial diamonds, and to the agreement between the Ministry of Supply and the diamond producing companies which gives the companies a right to the return to the United Kingdom of the diamonds remaining in the reserve at that time.

When that time arrives it may be found desirable, with the concurrence of the companies, to make other arrangements for the disposition of the diamonds in the reserve, and it is, therefore, the desire of the Government of the United States that provision should be made for discussions on this matter to take place between the Government of the United Kingdom and the Government of the United States within three months before the termination of the agreed arrangements.

If the Government of the United Kingdom concurs in this proposal and will be prepared to arrange for its representation at such discussions, which might best be held in London where contact can be most readily made with the owners of the diamonds, the present note and Your Excellency's reply to that effect will be regarded as an understanding between our two Governments.

Accept, Sir, the renewed assurances of my highest consideration.

H. FREEMAN MATTHEWS
Chargé d'Affaires ad interim

The Right Honorable
WINSTON CHURCHILL, C.H., M.P.,
Foreign Office,
London.

*The Permanent Secretary in the British Foreign Office to the American
Chargé d'Affaires ad interim*

FOREIGN OFFICE, S.W. 1.

26th March, 1943.

SIR,

I thank you for your letter of today's date regarding the proposal of the Government of the United States that provision should be made for discussion of the disposition of diamonds in the United Nations reserve of industrial diamonds within three months of the date of termination of the arrangements agreed in the Agreement on Industrial Diamonds signed to-day. In reply I have the honour to inform you that the Government of the United Kingdom concur in the proposal and that this note and your note to which this is a reply will be regarded as an understanding between our two Governments in this matter.

I have the honour to be, with high consideration, Sir,

Your obedient Servant,

(In the absence of the Secretary of State)

ALEXANDER CADOGAN

MR. H. FREEMAN MATTHEWS,

etc., etc., etc.,

1, Grosvenor Square, W. 1.