

CONFIDENTIAL 9.101

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MEMO FILE*

DEPARTMENT OF STATE

Memorandum of Conversation

DATE:

July 20, 1948

SUBJECT:

Proposal for Conciliation Treaty Friendship, Trade, and Navigation with Government of Burma.

PARTICIPANTS:

- Mr. E. G. Matthews, SOA
- Mr. C. E. Ladd, SOA
- Mr. V. G. Bennett, SP
- Mr. A. T. White, SP
- Mr. S. E. Spang, SOA
- Miss E. J. Sawyer, SP
- Miss Gandy - SP
- Mr. Tolson - ID
- Mr. E. A. Tamm - ID
- Mr. Clegg - ID
- Mr. Glavin - ID
- Mr. Ladd - ID
- Mr. Nichols - ID
- Mr. Rosen - ID
- Mr. Tracy - ID
- Mr. Carson - ID
- Mr. Egan - ID
- Mr. Gurnea - ID
- Mr. Harbo - ID
- Mr. Hendon - ID
- Mr. Pennington - ID
- Mr. Quinn Tamm - ID
- Mr. Nease - ID
- Miss Gandy - ID

COPIES TO:



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Mr. Baker pointed out that the present juncture in Burmese affairs seems particularly inappropriate for the presentation of a draft commercial treaty because the Government is under heavy fire from its critics on the issue of the Government's adherence to the "Ex-Acties" treaty with the British Government which provides, inter alia, a measure of protection for private British investment in Burma. The Burmese Cabinet members would probably adopt the view that ~~it is~~ it is to gain and everything to lose by negotiating a commercial treaty with the United States at this time. They might also fear that such negotiations would touch off renewed Communist charges that the present Government are "tools of the imperialists", and the Cabinet members are peculiarly sensitive about this type of Communist criticism.

Mr. Baker asked whether it would be considered practically or politics to so revise the treaty draft that it would satisfy anticipated Burmese objections as listed in Rangoon's dispatch number 22 of May 26, 1948. Mr. Setzer replied that probably some modifications would be possible and cited as an example of the type which might be dropped from the treaty draft the provisions for American entrepreneurs to own property in Burma.

Mr. Baker asked whether the Burmese would like to obtain treaty status under which JIA visas could be issued for those who are interested in doing business in the United States. Mr. Baker said he believed that features of the treaty would be proposed by the Burmese, asked whether Burmese who are in the "warred zone" would be eligible. Mr. Setzer said that he and Mr. Baker believed that the "warred zone" provision would not exclude Burmese from eligibility for treaty status.

Mr. Baker then observed that the Indian Government is currently negotiating a commercial treaty with the United States and that the draft treaty was presented to the Indian Cabinet by Mr. Embassy at New Delhi. He stated that the draft treaty which was considered in by the other present, that the type of the negotiation for the Indian treaty would provide valuable indication of the type of reaction which might be expected from other Asian countries to the presentation of a commercial treaty draft and would probably establish a pattern to be followed in similar negotiations with other countries.

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Mr. Adair observed that it might be unwise to try to modify our treaty draft for Burma until we had been able to study the results of the commercial treaty negotiations with the Indian Government. He argued that it would probably not be a good idea to abandon our traditional commercial policies simply in an effort to get a treaty with the Burmese.

Mr. White, Mr. Setzer, and Miss Seaver expressed concurrence, and Mr. White went on to point out that difficulties similar to those anticipated in dealing with the Burmese had actually been encountered in commercial treaty negotiations with the Philippines, China, and Russia. He said that after prolonged negotiation in these cases the United States had finally been able to conclude fairly adequate treaties implementing our usual foreign commercial policy. He said that we cannot give up our efforts to get such treaties, that we must keep trying.

Mr. White then asked why Burma had signed GATT. Mr. Usher replied that it was because GATT is an international or multi-national instrument rather than a bi-lateral instrument. Mr. Usher went on to say that if the present political crisis in Burma eventually resolves itself into a situation wherein one of the major issues is not a question of the Burmese treaty with the United Kingdom, and wherein the question of pursuit of compensation for the nationalization of foreign investment is no longer paramount, then the time might be more propitious for the presentation of a draft commercial treaty.

When will that be?

Mr. White then advanced the suggestion that we initiate an exchange of notes with the Burmese Government in which the idea would be set forth that the two governments recognize the desirability of entering into negotiations for a commercial treaty at some future date. After some discussion it was agreed that this would probably not be regarded by the Burmese Government as being of any advantage to them at this time, and so it was decided to give additional consideration of this suggestion for the future.

As the meeting drew to a close, Mr. White said that it would depend on the availability of operating instructions as to whether the committee would discuss continuing negotiations to clear up the outstanding points of the treaty draft. He said that he would like to see a few modifications which might be made in the treaty draft.