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2907

STANDARD FORM NO. 64

# Office Memorandum · UNITED STATES GOVERNMENT

ACTION COPY

DATE: 11/6/46

TO : ALM

FROM : GWH

SUBJECT:

I discussed 575 May 29 from Bangkok with Paul McCarthy. He says that although As 576 appears to be the concern of F.E., it has been agreed that F.N deal with entire matter. He will take action.

I also advised Volkin, Commerce, of the receipting 575.

CP—

I believe no action should be taken on this particular cable. Undoubtedly we will have comments to make on the administration of the new control by drawing the shake-down period, but it's too early to judge as yet. Also, we cannot enter an argument between British bank and Siamese Govt even though it interferes with impending resumption of U.S. trade with Siam. FN - P.M. Conroe

SEA
CP
KPL
FN

8:10 AM

May 29, 1946

June 10, 1946
8:50 a.m.

DIVISION OF SOUTHEAST ASIAN AFFAIRS
JUN 11 1946
OFFICE OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

Rptd to FAT

4, May 11 and LEGTEL

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**Two. British banks desire to block bonds of all Siamese accounts prior to reopening of banks under British trading with enemy act. Siamese Govt objects to this stating that if British banks reopen and follow this course they will be subject to suits in Siamese courts.**

DIVISION OF COMMERCIAL POLICY
Three
JUN 13 1946
DEPARTMENT OF STATE

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DIVISION OF COMMUNICATIONS AND RECORDS
ACTION: FE TELEGRAPH BRANCH
INFO: A-C EUR DC/L ITP OFD OCD DC/R

ACTION COPY

# DEPARTMENT OF STATE

## INCOMING TELEGRAM

JD-H
No paraphrase necessary.

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DIVISION OF FINANCIAL AFFAIRS
JUN 13 1946
DEPARTMENT OF STATE

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| Action | SEA |
| Information | |
| FE | ✓ |
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SECSTATE

3102

Bangkok

Dated May 29, 1946

Rec'd June 10, 1946
8:50 a.m.

DIVISION OF SOUTHEAST ASIAN AFFAIRS
JUN 11 1946
OFFICE OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

SEA
8:10 AM
EA
KPL
FW

575, May 29, 4 p.m.

REDEPTEL 207, March 29 LEGTEL 504, May 11 and LEGTEL 521 May 18.

On account of objections to the government exchange regulations no banks either foreign or Siamese are yet opened for foreign business.

Differences between foreign banks and government exist in main on following points:

One. Under present law banks must deposit with Bank of Siam, Govt Central Bank, either in approved securities, bonds, et cetera, or in cash, amount not exceeding 25% of its total deposit. In present instance, government is requiring 15%. The three foreign banks, which are British, namely, Hong Kong and Shanghai Banking Corporation, chartered Bank of India, Australia and China, and Mercantile Bank of India LTD, object to this provision on basis that it ties up too much of their working assets in proportion to risk involved since they are mainly doing exchange business. Govt position is that the law must apply to all banks foreign and domestic and since Siamese banks are doing a general business in addition to exchange, above requirements are necessary to control speculation. Govt is endeavoring to find means of meeting foreign banks objection on this point possibly by having different requirements according to type of business.

Two. British banks desire to block balances of all Siamese accounts prior to reopening of banks under British trading with enemy act. Siamese Govt objects to this stating that if British banks reopen and follow this course they will be subject to suits in Siamese courts.

DIVISION OF COMMERCIAL POLICY
Three
JUN 13 1946
DEPARTMENT OF STATE

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893.00/6-1346

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Three. Siam Govt desires to put in what is described as a continental system of handling each exchange transaction separately. British banks object to this and desire to market exchange transactions and adjust only differences with Central Bank of Siam.

British point of view is that Siamese Govt plan would only pay them a brokers fee whereas under their plan they would have an opportunity to work within margin set by Siam Govt. British banks awaiting instructions from their principals in London on above points.

Siam Govt states that all banks foreign and Siamese will be reopened for foreign business upon agreement being reached on above points which they believe will be within next few days at which time Govt will set a buying and selling rate for tical.

REMEGTEL 504, May 11, Siam Govt has reorganized export and import control board which consist of five members rather than nine. Membership is composed of Minister of Commerce, Chairman: Under Secretary of Commerce: Vivat, head of Bank of Siam: Doll, British adviser to Ministry of Finance: Patton American, Adviser to Minister Foreign Affairs. Reorganized board is beginning to function and issue export licenses. (see LEGTEL 527, May 20 and LEGTEL 563, May 27).

Application must be made to Export and Import Control Board for licenses on all imports and will be granted priority on basis of their essentiality. An application so granted is then passed on to Exchange Control Board for authorization of granting of foreign exchange.

Application fur licenses of exports must likewise be made to Export and Import Control Board.

Following is a summary of new exchange regulations governing exports and imports which are being applied to exports and will apply on imports when banks open.

One. An exporter must obtain pound sterling US dollars or other foreign currency for value of his export which he must undertake to sell to Bank of Siam within a period of six months from date of export of his goods.

Two.

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Two. If goods to be exported require an export license, exporter shall first apply for and obtain license from competent authority after which he must enter into an undertaking with Bank of Siam to sell his foreign currency to the Bank.

If goods to be exported do not require an export license, exporter need only obtain from bank of Siam a certificate certifying complete export of goods and that exporter undertakes to sell his foreign currency to Bank.

In both cases, Bank may demand a guarantee to carry out this undertaking from exporter.

Three. Goods imported into Siam must be paid for by letter of credit unless otherwise prescribed by Minister of Finance.

Four. New regulations do not apply to sample goods personal effects or goods not exceeding one thousand ticals in valve for each import.

Further developments will be reported.

YOST

Note: Message delayed in transmission.

RB

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