

Item 83. Silver, except in scrap, has not been subject to export permit. There is a certain trade in silver in ore, but no shipments have been made since October 1940. Permits would only be granted for quantities equal to average trade.

*Category No. 11.* Items 87, 88, 89, 91, 92, 93, 95, 97, 98, 99, 100 and 101. There is no trade between Canada and Japan in these commodities.

Item 90. No permits are now being issued for the export of mica to Japan.

Item 94. Permits are being issued covering the export of lower grades of asbestos up to the amount of a quota based on 50% of the five-year trade average in each of these groups, except the cheapest grade where the quota is based on the average. No permits are being issued for the export of high grade asbestos fibre—that is to say fibres within the grade classifications of No. 1 and No. 2 crude. It should be noted that as from April 15, export control of asbestos from the United States will be extended to include all grades consisting of fibres of more than  $\frac{3}{8}$ " in length. This brings their definitions of controlled grades more in line with ours.

*Category No. 12.* There is no trade between Canada and Japan in any of the commodities in this category.

*Category No. 13.* There is no trade between Canada and Japan in any of the commodities in this category.

*Category No. 14.* The trade in certain commodities in this category between Canada and Japan, notably wool, has been relatively small. No permits will be issued in excess of normal trade.

*Category No. 15.* Item 126. No trade between Canada and Japan.

Items 127 and 128. No permits are being issued for the export of hides, skins or leather to Japan. In hides and skins our trade since 1937 has been significant but it showed a considerable falling off in 1940. There was a fairly large shipment in January of this year and a small shipment in February. Our present policy of not issuing permits is in line with that of the United States.

*Category No. 16.* Items 129, 130 and 131. There has been no trade in these commodities and export permits will not now be issued.

There has been no trade of any importance in any other of the commodities in this category.

With reference to our policy with regard to exports to China, we are treating the Japanese controlled areas of this country exactly as Japan itself, as a destination. We are allowing asbestos, for example, to be shipped to Shanghai but all such shipments are charged against the Japanese quota. The Legation in Washington has recently sent us a statement of the United States policy with regard to exports to Shanghai, a copy of which I enclose herewith, for your information.<sup>1</sup> Our controls will continue to be at least as strict as those which are now in operation from Washington. This same control will extend also, of course, to include exports to Manchuria.

Yours sincerely,

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<sup>1</sup> Non reproduct.

<sup>1</sup> Not printed.