

POOR PRINT  
Epreuve illisible

TELEGRAM

C 277235

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON, ENGLAND.

Ottawa, September 7th, 1940.

*Important*

No. 163

SECRET

CIPHER

Reference your telegrams Circular D.538 of July 12th and No.120 of August 25th.

1. Since Franco-German armistice, all French accounts in Canada have been blocked and remittances to both occupied and unoccupied France have been suspended under general authority of Trading with the Enemy Regulations, 1939, supplemented by informal pressure on banks and business houses. Publication of formal proscription order bringing all French territory in Europe, Andorra, and Monaco, the French zone of Morocco, Corsica, Algeria and Tunisia expressly within provisions of Trading with the Enemy Regulations and vesting control of property rights in Canada of persons resident in those territories in the Custodian is now imperatively needed to clarify legal position of persons in Canada who have not been permitted to make transfers to unoccupied France. It is therefore proposed to adopt Order-in-Council on September 10th which will be published on September 12th applying provisions of Trading with the Enemy Regulations in general terms to territories named as from June 21st, 1940. We should be glad to learn, as quickly as possible, whether you think publication at this time, although in general terms, is likely to prejudice arrangements made with American manufacturers for delivery to British Purchasing Board of material contracted for by France. It has been suggested that when such order becomes public, the French Government may attempt to prevent deliveries by securing restraining injunctions in United States courts.

2. We are giving most earnest consideration to questions of policy raised in your Prime Minister's message and hope to be able to reply to it shortly. In the meantime it would be helpful to us in reaching a very difficult decision if we could be placed in