

Japanese diplomatic officials—a fact which made it more difficult to determine just what importance should be attached to it.

N. A. R[OBERTSON]

1286.

804-35

Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures
Dominions Secretary to Secretary of State for External Affairs

TELEGRAM CIRCULAR D.348

London, June 15, 1941

SECRET. Following for your Prime Minister. Begins. . . .

Extremist elements appear to be pressing Japanese Government to use breaking off of economic negotiations to launch attack on Netherlands East Indies. His Majesty's Ambassador at Tokyo doubts whether the Japanese Government would embark deliberately on such an adventure, but points out that extremist elements, in conjunction with armed forces, may present Government with a *fait accompli* which they must recognize, and customary caution of Japanese Cabinet may, in present circumstances, be warped as a result of German pressure and infiltration into key posts. Ends.

1287.

King Papers, PAC

Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures
au Premier ministre

Memorandum from Acting Under-Secretary of State for External Affairs
to Prime Minister

[Ottawa,] June 19, 1941

The Department of Trade and Commerce have asked for an indication of Government policy for their guidance in granting export permits for the shipment of wheat and flour to Shanghai.

Their recommendation, with which I concur, is that we should continue to grant permits for the export of flour provided the quantities are not excessive in relation to the average daily consumption of flour in Shanghai, and that we should not grant permits for the export of wheat to Shanghai unless the local United Kingdom representatives there expressly approve the consignee and the quantity of wheat asked for.

A more or less similar question arises with regard to lumber, in which there is a regular trade from the Pacific Coast to Shanghai, where it is used for general construction purposes. Both Canadian and United States lumber exporters participate in this trade. The Department of Trade and Commerce