

POOR PRINT
Epreuve illisible

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TELEGRAM C284863

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

MOST SECRET

LONDON, November 21st, 1939.

CYPHER

Circular D.96

Part 2.

Circular D.96. Most Secret. Following for your
Prime Minister, Begins:

As you know it has been essential from the beginning of the war to take every possible step to prevent the import into Germany of goods and materials necessary for the prosecution of the war. This policy has been pursued with considerable effect, but it will be clear that Germany's ability to purchase goods from foreign countries in the present circumstances is largely dependent upon extent to which she can finance such purchases by exports. With the export to neighbouring neutrals we cannot directly interfere, though efforts are being made to limit them by operation of War Trade Agreements. It is, on the other hand, within our power almost entirely to stop German exports carried in neutral vessels to overseas countries and we now consider, having regard to well-established principle that breaches of law by one belligerent should entitle the other to make appropriate reprisals, this action is entirely justifiable and must be started forthwith.

We have had to bear in mind that retaliation, which must undoubtedly be expected from Germany, will injure our own exports to such countries, e.g. on the Baltic, as lie within German sphere of control. On the other hand, while our own trade will probably lose by adoption of course which