

With return of Minister for Foreign Affairs to Tokyo, and review of Japanese policy to be expected in the immediate future, I feel that our action will be spur on those extreme elements advocating more aggressive action in South Seas area.

The British Ambassador shares my views regarding situation.

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*Mémorandum 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*

CONFIDENTIAL

[Ottawa,] April 23, 1941

CONTROL OF EXPORTS TO JAPAN

Export permits are now required for all exports to Japan and are being refused for all "strategic materials", including copper, nickel, lead, zinc, antimony, cadmium, iron and steel. The only mineral product for which permits continue to be granted in any volume is asbestos. Since the beginning of this year no permits have been issued for the export to Japan of long fibred asbestos (Grades 1 and 2) and exports of lower grades have been limited to 50 per cent of pre-war average shipments. The United States has recently stiffened its export licensing requirement for asbestos, so that United States export licences which are required by Canadian asbestos passing in transit through the United States to Japan are not being granted for Grade 3 or for a good deal of Grade 4 asbestos—grades for which we have hitherto been issuing a limited number of export permits.

The Japanese have ceased to protest against their inability to get essential metals from Canada. They are, however, very indignant about our embargo on the export of wheat and hemlock logs and are apprehensive about the anticipated refusal of licences for the export of rayon pulp, which the United States has recently added to its export licensing list. They have been pressing the Legation in Tokyo and the Department of External Affairs here very hard in recent weeks to secure permission to complete export transactions in respect of pulp logs and wheat which were virtually completed when the export permit requirement was introduced. In neither case can we plead the necessity of conserving supplies as an explanation of our refusal to permit exports, nor are there any compelling "economic warfare" reasons for totally prohibiting shipments of these commodities.

Our policy in respect of these commodities has been determined, primarily, by domestic political considerations. Public opinion in Canada is undoubtedly strongly opposed to the export of anything to Japan which could remotely or indirectly be useful for military purposes, and there is a certain risk that the