

2. Before discussing your specific proposals it might be well to point out that in the matter of economic pressure on Japan, and in particular with regard to the limitation of essential materials which that country formerly bought from us in large quantities, our controls are at present much more rigid than those enforced in any other country in the Commonwealth. This strict limitation of exports (which in the cases of copper, lead, nickel, mica, cobalt, scrap metals of all kinds constitutes in practice a complete embargo) has given rise to a series of strongly worded representations from the Japanese authorities addressed to me here and to our Legation in Tokyo. Our recently increased restrictions on wheat and hemlock logs resulted in a visit from the Japanese Minister, in the course of which and acting under instructions from his Government he went so far as to say that our refusal to export these and other materials to Japan might be interpreted as an unfriendly act. At the same time the Vice-Minister for Foreign Affairs in Tokyo informed the Canadian Chargé d'Affaires that, in view of our severe restrictions on trade with Japan, his Government were inclined to question the necessity of maintaining diplomatic relations between the two countries.

3. I explained to Mr. Yoshizawa that with regard to the shipment of war materials to Japan public opinion in Canada had made strict control essential if we are to avoid incidents on the West Coast which would almost certainly be considered by his Government to be more serious and unfriendly than the restrictions themselves. Referring to Mr. Ohashi's comment to Mr. McGreer, I said that it seemed to me that the maintenance of diplomatic relations as a channel through which our mutual efforts to clear up difficulties could work was more important when these difficulties were serious than when they were slight or non-existent.

4. I have thought it advisable to give you the foregoing information in order that you may be fully apprised of the present status of our economic relations with Japan. In spite of the serious situation that has developed we are prepared to consider sympathetically any financial or economic restraints which you and the United States authorities are prepared to recommend and to implement. We feel strongly, however, that we cannot go very much farther than we have already gone without so antagonizing Japan that an open break between the Government in Tokyo and ourselves will occur and in fact, as you will have been advised by our High Commissioner following his receipt of our telegram of April 26th, No. 601,¹ we have decided temporarily to relax the ban on the exportation to Japan of wheat and hemlock logs. What effect such a break might have on the general problem of Japanese relations with the democratic world is a matter for careful examination.

5. I pointed out in my telegram No. 58 under reference that I did not feel that as between the two courses which you suggested, viz: denunciation of the Commercial Treaty or placing Okura, Mitsubishi or Mitsui on the

¹ Voir la note au document 1274 à la page 1392. ¹ See footnote to Document 1274, p. 1392.