

issued some time ago. These shipments are a part of the 70,000 tons which were under firm order prior to February 13, the date of the coming into force of our export permit requirements and which we had agreed to allow to go forward unless conditions changed. The permits are, of course, revocable but we have taken no action in this direction yet.

3. If the export of this wheat were to be allowed, serious public misunderstanding would arise and there would be some risk of local disturbances in British Columbia. It is on this latter consideration that we would base our explanation to the Japanese Minister if we finally decide to revoke outstanding export permits. On the other hand before giving further consideration to the question of revoking export permits we wish to ascertain if our understanding of the United States policy as outlined herein is correct and whether, under this policy, the United States authorities would refuse to allow such an export under similar circumstances.

4. With reference to 1 (b) above, we were informed on July 22nd by Dominions Office telegram Circular M.174¹ that further restrictions on exports of petroleum products to Japan were immediately in mind but in your telegram 311 of July 28th¹ it is stated that it is not intended to restrict these exports by withholding individual Treasury licences and that Treasury may license debits to blocked accounts to pay for them. Furthermore, the Dominions Office in a later telegram (Circular M.193 of July 27th)¹ informed us that the same policy would be followed with respect to "cotton and other exports". While cotton and/or other exports may not necessarily include strategic commodities, "petroleum products" certainly does. We would appreciate clarification on this point.

1330.

King Papers, PAC

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures
au Premier ministre*

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

[Ottawa,] August 2, 1941

EXPORTS TO JAPAN

Enclosed in this bag are copies of Dominions Office Circulars M.201,¹ M.202, M.203,¹ and M.204¹ of August 2nd, and telegram No. 324 of August 1st from the Legation in Washington. The latter is in part a reply to our telegram No. 294 of July 31st, copy of which is attached for reference. This telegram to our Legation in Washington was repeated to the Dominions Office in London for the information of the United Kingdom Government. We have received today a message from Earncliffe that the United Kingdom Government are grateful to us for keeping them informed of developments in the situation here.

¹ Non reproduit.² Not printed.