

1375.

592-40

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commission of Great Britain to Under-Secretary of State  
for External Affairs*

850H/242

Ottawa, October 25, 1941

SECRET

Sir,

I am directed by the High Commissioner for the United Kingdom to invite reference to your letter of the 19th September regarding the proposed control of exports to Japan via China.

2. From a telegram which he has received from the Secretary of State for Dominion Affairs Mr. MacDonald learns that the United Kingdom authorities have been informed by the United States Embassy in London that licences are not being issued by the United States authorities for commodities on the export control list to (a) Japanese consignees in China, (b) any other consignees in Shanghai or other Japanese-occupied areas except when the proposed shipment appears vital to the preservation of properties owned or operated by United States or British nationals, when a shipment has some connection with the operation of local public utilities, or for public health, or in cases where the quantities involved are insignificant.

3. The United Kingdom authorities agree in principle with (a) but have asked the United States Embassy to obtain for them a more exact definition of the term "Japanese consignees". Meanwhile they are interpreting the expression as meaning firms known to be controlled from Japan, and are asking the Governments of India, Burma and the Colonies to regulate their practice accordingly.

4. As regards (b), the United States limitations would appear to go considerably further than the policy which the United Kingdom authorities have hitherto envisaged and seemingly take no account of possible injury to legitimate Chinese or friendly interests, nor of the considerable trade between Shanghai and Free China which is apparently still taking place despite Japanese efforts to stop it. This point is being pursued with the United States authorities.

5. The High Commissioner expects to receive a further telegram as to (a) and (b) when the position has been clarified with the United States Government. In the meantime it is hoped as regards (a) that no difficulty will be seen in the adoption in the Dominions, Newfoundland and Southern Rhodesia of the procedure suggested in paragraph 3 above. The United Kingdom authorities would of course be glad to advise in any case where there is doubt