

withdrawal would entail severe loss of face. Nevertheless, we feel attempt must be made. We cannot compromise source of our information by using it for publicity purposes. We are, however, arranging for press notices of rumours current in Vichy to the effect that Japanese were exerting pressure to obtain bases in Indo-China. On this, comment from official sources here would be that we could not credit rumours, since in reply to recent enquiry Vice-Minister of Foreign Affairs denied categorically to His Majesty's Ambassador accuracy of reports of intended acquisition of naval and air bases in southern Indo-China by Japan.

3. We are informing His Majesty's Ambassador at Washington as in paragraphs 1 and 2 above, adding that as we have no representative in Vichy it occurs to us that the United States Government might be prepared to instruct their Ambassador to communicate with the Vichy Government on this subject. We are also adding that if it is possible by this means to confirm information we now possess, we presume United States Government would not object to publicizing it. It may be that they would even be prepared to make some public declaration.

4. We are also asking His Majesty's Ambassador to do what he can to expedite reply to our enquiry about economic restrictions; see paragraph 2 of my telegram Circular M.155. Ends.

1302.

King Papers, PAC

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

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

[Ottawa,] July 15, 1941

FAR EASTERN SITUATION

Mr. Moffat's conversations with State Department officials over the weekend confirmed reports we have been receiving in the last few days from London, Tokyo and Canberra, that a Japanese move is imminent. The State Department now thought that a southward move was likely to precede any attack on Russia, though the odds still were that Japan would move against Russia as soon as Russian resistance in the west showed signs of crumbling. A most likely immediate objective would be the seizure of naval bases in French Indo-China, followed very promptly by the establishment of a protectorate over Thailand. As you know, conversations have been proceeding between London and Washington as to the steps which should be taken in the event of further Japanese aggression. The United States propose to apply an immediate