

I think, be discussed at the time and, if accepted by the two Governments, I feel sure that machinery, financial and otherwise, for bringing into effect the particular exchange can be arranged.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

1361.

592-40

Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions
Secretary of State for External Affairs to Dominions Secretary

TELEGRAM 192

Ottawa, September 19, 1941

Part I. Your telegram Circular M.223¹ and subsequent correspondence, trade and financial relations with Japan.

1. It appears that our policy in this matter is based on the same principles as that of both the United Kingdom and the United States and broadly speaking achieves the same results. Trade between Canada and Japan is now virtually at standstill. Our mechanism for this purpose has been application of freezing regulations by the Foreign Exchange Control Board, but this mechanism will be replaced by a control through licensing by regular import and export control authorities. For this purpose an Order in Council will be required prohibiting import of all goods of Japanese origin, except under licence. Such licences would only be issued for goods essential for war purposes but enquiries show that there are practically none of these.

2. Before restriction, the bulk of Japanese imports into Canada consisted of fibres, textiles and textile products, certain foodstuffs, non metallic minerals and products, chemicals and allied products. For purposes of comparison our total imports from Japan for the seven months of 1940 amounted to \$3,353,000.00. For the first seven months of 1941 the total was \$1,929,000. In July 1940 our imports amounted to \$746,000.00 and in July 1941 to \$147,000. The figure for August 1941 is not yet available.

3. As to exports to Japan, a reply has been sent to the memorandum of the Japanese Minister (our telegram No. 153 of August 5th)² to effect that trading arrangements such as he proposed were not possible in present circumstances and concluding

There may be occasions from time to time for direct exchange of goods between our two countries. Each proposal for such exchange can be discussed

¹ Document 1336.

² Voir la note au document 1332.

* See footnote to Document 1332.