CONCLUSIONS of a Meeting of the War Cabinet held at 10 Downing Street, S.W. 1, on Saturday, December 16, 1939, at 10:30 A.M.

Present:
The Right Hon. Viscount Halifax, Secretary of State for Foreign Affairs (in the Chair).
Admiral of the Fleet the Right Hon. Lord Chatfield, Minister for Coordination of Defence.

The following were also present:
The Right Hon. Anthony Eden, M.P., Secretary of State for Dominion Affairs.
Air Chief Marshal Sir Cyril L. N. Newall, Chief of the Air Staff.
Rear-Admiral T. S. V. Phillips, Deputy Chief of Naval Staff.
Major-General L. Carr, Assistant Chief of the Imperial General Staff.

Secretariat:
Sir Edward Bridges.
Colonel L. C. Hollis, R.M.
Mr. W. D. Wilkinson.
Wing Commander W. Elliot.
Lieutenant-Colonel E. I. C. Jacob, R.E.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Air Situation</td>
<td>445</td>
</tr>
<tr>
<td>2</td>
<td>The Naval Situation</td>
<td>445</td>
</tr>
<tr>
<td></td>
<td>The &lt;i&gt;Admiral Graf Spee&lt;/i&gt;</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Canada</td>
<td>446</td>
</tr>
<tr>
<td></td>
<td>Arrival of 1st Canadian Division</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>B.B.C. News Bulletins</td>
<td>446</td>
</tr>
<tr>
<td></td>
<td>Reports of shipping losses</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The Military Situation</td>
<td>446</td>
</tr>
<tr>
<td>6</td>
<td>Finland</td>
<td>446</td>
</tr>
<tr>
<td></td>
<td>Invasion by U.S.S.R.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supply of munitions</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Norway</td>
<td>447</td>
</tr>
<tr>
<td></td>
<td>Counter measures against the abuse of Norwegian territorial waters</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Seizure of enemy exports</td>
<td>448</td>
</tr>
<tr>
<td></td>
<td>The case of the S.S. &lt;i&gt;Sanyo Maru&lt;/i&gt;</td>
<td></td>
</tr>
</tbody>
</table>
1. The Chief of the Air Staff informed the War Cabinet that there had been only very slight air activity on the previous day. A sweep had been carried out by five aircraft over Texel and Heligoland in search of German warships, but none had been found. Three enemy aircraft had been reported approaching our coasts, but only one had come close. This had been over Flamborough Head at about 1 A.M. that morning, but no fighter aircraft had been able to be sent up on account of fog. Similar weather conditions had prevented us from sending our standing patrols over the German mine-laying bases.

The War Cabinet took note of the above statement.

2. The First Lord of the Admiralty informed the War Cabinet that our D.F. Stations had, on the previous night, picked up a faint wireless message from an enemy vessel in the Atlantic, not far from the Canadian Convoy. This point could have been reached, so far as distance was concerned, by units of the German Fleet reported in the North Sea three days earlier. The greatly superior strength of our Naval forces in this area would have made an engagement welcome. It was now thought, however, that the recent sortie of the German Fleet had been to give cover to the mine-laying operation near the Tyne, and that they had now returned to their base.

There had been no attacks on our shipping other than by mines. Three British ships had been sunk by mines off the Tyne—making a total of ten sunk since the 13th December. It was believed that the minefield—of the ordinary, and not magnetic, type—had been laid by surface ships at night. Seven of these moored mines had been exploded.

Two attacks had been carried out on U-boats, with unknown results.

The Cruiser H.M.S. Despatch—working alone off the West coast of South America—had encountered and captured the German armed merchantman Dusseldorf (5,000 tons) and had taken her in as a prize to Antofagasta.

The First Lord said that the Admiral Graf Spee had been ordered by the Uruguayan Government to leave Montevideo by 11 P.M. (Uruguayan time) on the 16th (2 A.M. the 17th December, G.M.T.). The time had been calculated to allow her to carry out seagoing repairs only. Particulars were given of the British naval forces which would be ready to engage her should she attempt to escape.

The Secretary of State for Foreign Affairs said that the Uruguayan Minister had called at the Foreign Office on the previous day and had repeated the reservation expressed by the Uruguayan Government, who held that the fight had taken place partly in Uruguayan territorial waters. In this connection, the Foreign Secretary mentioned that we had placed on record three weeks ago our disagreement with the contention of the Uruguayan Government that the River Plate, which was in places 200 miles wide, constituted territorial waters. The opportunity had been taken to express to the Uruguayan Minister our gratitude for so promptly releasing our prisoners from the Admiral Graf Spee. This naval battle had, as a matter of fact, fallen very opportunely at a moment when a tactless note from the German Minister had given offence to the Uruguayan Government.

The War Cabinet took note of the above statement.
Canada.
Arrival of 1st Canadian Division.
(Previous References: W.M. (39) 78th Conclusions, Minute 6, and 100th Conclusions, Minute 4.)

3. In connection with the previous Minute, the First Lord of the Admiralty informed the War Cabinet of the time and place of the arrival of the first Canadian Division, and suggested that steps should be taken locally to welcome it.

The Secretary of State for Dominion Affairs mentioned that Lord Derby might be prepared to receive the Canadian Contingent, as he had done in the case of 200 Newfoundlanders who had arrived on the previous day; and he undertook to make the necessary arrangements.

The War Cabinet took note that the Secretary of State for Dominion Affairs would set arrangements in train for the welcome of the First Canadian Division on its arrival in this country.

B.B.C. News
Bulletins.
Reports of Shipping losses.

4. The Secretary of State for Foreign Affairs emphasised the desirability of giving full publicity to such successes as our engagement with the Admiral Graf Spee and the capture of the German armed merchantman Dusseldorf by H.M.S. Despatch off the coast of Chile, as an antidote to the depressing accounts of our shipping losses, which had been unduly advertised in neutral countries.

The First Lord of the Admiralty agreed. In particular, he deplored the unrelied pessimism of the B.B.C. broadcasts, which unfailingly opened with a long account of ships sunk. He would shortly be circulating to the War Cabinet a letter from the Commander-in-Chief at Devonport describing the demoralising effect of these broadcasts. He suggested that it would be sufficient if we were to broadcast our shipping losses once a week.

The Minister for Co-ordination of Defence agreed, adding that he was continually receiving similar complaints about the depressing character of the B.B.C. broadcasts.

The War Cabinet—
Invited the First Lord of the Admiralty to consult the Minister of Information in regard to the above suggestions.

The Military Situation.
(Previous Reference: W.M. (39) 116th Conclusions, Minute 5.)

5. The Assistant Chief of the Imperial General Staff said that reports pointed out a possible reduction of two, or possibly three, Light German Divisions on the Western Front, which were believed to have returned to their peace stations.

No confirmation had been received about the report that the German Army were being given ten to fourteen days' leave over Christmas; nor of the German official statement that an augmented train service was now being run.

The War Cabinet took note of this statement.

Finland.
Invasion by U.S.S.R.
(Previous Reference: W.M. (39) 116th Conclusions, Minute 6.)

Supply of Munitions.

6. The Assistant Chief of the Imperial General Staff said that no news had been received of the position in Finland since 0600 hours on the 14th December. In the South it was believed that the Russians had now reached the Mannerheim Line, but the Finns were confident of being able to resist in this sector. Their prospects, however, were less good further North opposite the "waist-line," where the terrain was much more open and less wooded than in the South.

The Secretary of State for Dominion Affairs said that, as arranged the previous day, he had seen the High Commissioner for
Counter measures against the abuse of Norwegian territorial waters.

(Previous Reference: W.M. (39) 116th Conclusions, Minute 4.)

South Africa in London and that the latter had undertaken to telegraph to General Smuts to press for the release of some at least of the twenty-eight Gauntlet aircraft for the use of the Finns.

The War Cabinet took note of the above statement.

7. The Secretary of State for Foreign Affairs said that he had been giving further consideration to the First Lord's suggestion that British destroyers should seize German ships in Norwegian territorial waters. In view of the Norwegian Government's intention to institute convoys of ships through their waters, it would be difficult for us to justify this plan on the grounds that the Norwegians were unable themselves to provide efficient protection. In the event of the War Cabinet deciding to take some such action in violation of Norwegian rights, he thought it would be better to say frankly that we were taking action in retaliation, not for German mine-laying, for we had already taken the appropriate retaliatory action against that, but for the ruthless treatment of our ships in what was proving a cruel and merciless struggle. We should admit that our action was an infringement of neutral rights, but that it was as nothing compared with the completely unscrupulous manner in which these rights had been violated by Germany.

Before deciding on any action, however, he thought that the War Cabinet should consider the papers which the Chiefs of Staff and the Minister for Economic Warfare had been asked to prepare on the stoppage of exports of iron ore to Germany via Narvik. This might mean postponing the discussion until, say, Wednesday, the 20th December.

The First Lord of the Admiralty agreed to a short delay in the consideration of his paper, W.P. (39) 162.

After further consideration, the Naval Staff had come to the conclusion that it would be wiser to adopt the alternative plan, which was to lay a mine-field in Norwegian territorial waters, so as to force the traffic out on to the high seas, rather than to send in our own destroyers. There was, therefore, not the same urgency in deciding to take action.

The Deputy Chief of Staff explained that there were only four points in Norwegian waters at which ships had to show themselves. Everywhere else they were in waters in which they could not be got at. The Norwegian idea would be to organise convoys to cover the short trip across these points. This they could do with the resources at their disposal.

In weighing up the action which we might take, it had to be remembered that the plan of sending in destroyers could not rest on the plea of defending our own shipping, as what we wished to do was to intercept ships carrying ore to Germany. In this plan, therefore, there was a serious risk of clashes between our Navy and the Norwegian Navy in their waters. Such clashes were to be avoided if possible, and, for that reason, the Naval Staff had reached the conclusion that it would be better to lay mines to force the shipping out of territorial waters, so that we should be able to exercise our rights by intercepting contraband in the usual manner on the high seas.

The First Lord of the Admiralty pointed out that there were many factors to be weighed up in deciding whether it would pay us to stop the ore. It was not merely a question of comparing the gain, on the one hand, from depriving Germany of the ore, against the loss, on the other hand, from all the various measures which Germany might take in revenge. There were a number of other favourable factors to be taken into account at each stage in the
Seizure of Enemy Exports.

The Case of the S.S. Sanyo Marti.

(Previous Reference: W.M. (39) 115th Conclusions, Minute 1.)

8. The Secretary of State for Foreign Affairs informed his colleagues of the position in the case of the steamship Sanyo Maru. Since the Meeting of the War Cabinet referred to in the margin, he had seen the Japanese Ambassador and Sir Frederick Leith-Ross had seen Mr. Okamoto and carried out the instructions of the War Cabinet.

He had found that the Ambassador was perfectly prepared to give the assurances which we required. Mr. Shigemitsu had undertaken that no part of the cargo would be transhipped en route, and had volunteered the information that the ship would proceed to Japan by the Panama route. He had undertaken to see that the cargo, as it left the Downs, corresponded with the manifest, i.e., he would order anything which did not appear on the manifest to be taken off the ship. Mr. Shigemitsu said that he and his Government were surprised at the suspicions which His Majesty’s Government had entertained. The Japanese Government were not, in fact, giving assistance of any kind to Germany.

The Foreign Secretary had replied that he would be frank with the Ambassador. The fact was that we had received information stating that the steamship Sanyo Maru carried some consignments of secret goods of a naval character. Having received this information, we could not ignore it. The courses open to us were—

(1) to search the ship thoroughly from stem to stern;
(2) to require an assurance that the naval goods mentioned in the manifest were bona fide intended for the Japanese Navy.

We had chosen the latter course, as more appropriate to our friendly relations. He had also made it clear that we intended strictly to enforce the provisions of the Order in Council as from the 1st January, 1940.

The Ambassador had been pleased by this frankness and had said that he gratefully accepted, on behalf of his Government, the procedure we had proposed. The Foreign Secretary added that Mr. Shigemitsu’s friendly and apparently sincere attitude during the interview had contributed to the removal of some of his doubts.

The Foreign Secretary understood that two or three more ships might come in to the Downs for examination before the 1st January, which, like the Sanyo Maru, would be carrying German goods.
destined for the Japanese Government. These would have to receive the same treatment as the *Sanyo Maru*, provided, of course, that they arrived at the Control Base before the date mentioned.

The War Cabinet took note of the above statement and agreed—

(i) that, on the strength of the assurances given by the Japanese Ambassador, the steamer *Sanyo Maru* should be passed through the Control;

(ii) that up to and including the 31st December, 1939, similar treatment should be accorded to other vessels carrying German goods destined for Japan, in the absence of any special reason to the contrary;

(iii) that the provisions of the Order in Council should be strictly enforced as from the 1st January, 1940.

*Richmond Terrace, S.W. 1,*  
*December 16, 1939.*