

3 [Foreign Office], «Switzerland. Notes on an inter-departmental meeting held on the 8th October 1940», [8. 10. 1940]

Switzerland. Notes on an inter-departmental meeting held on 8th October 1940.

Present:

Lord Drogheda.	(In the Chair)
R. L. Speaight .	Foreign Office.
R. G. Hawtrey.	Treasury.
J. V. Wilson.	Board of Trade.
T. Dodd.	Ministry of Shipping.
J. E. Wall.	Ministry of Food.
G. H. Selous.	Department of Overseas Trade.
Capt. De Tcharner.	War Office.
E. W. Reardon.	Export Licensing Department.

Mr. Troutbeck.)
Mr. Lousada.)
Mr. Dudley Ward.)
Mr. C. H. Davis.) Ministry of Economic Warfare.
Mr. Seebohm.)
Mr. Wrightson.)
Mr. Baker.)
Miss Wells.)

[1.] The Meeting was informed by the Chairman that on purely blockade grounds the policy of M.E.W. would be to refuse to allow any goods to go through to Switzerland. One reason was that the passage of foodstuffs through enemy controlled territory weakened our case as to relief for unoccupied France. The second an stronger reason



was that it seems to be inevitable that Switzerland should become little more than a workshop for Germany.

2. Mr. Wilson (Board of Trade) emphasised the desirability of permitting U.K. exports to go to Switzerland to the sake of British industry, and said that a certain amount of imports from Switzerland e.g. watches were required in this country. Mr. Dudley Ward said that up to now we had still been getting dye-stuffs from Switzerland and pointed out that we were thus allowing Germany to acquire a considerable amount of foreign exchange as she supplied much of the material required in Switzerland for this industry.

3. Captain de Tcharner (War Office) said that it was desirable to keep Switzerland neutral for the sake of obtaining such war supplies as might still by one way or another [to get out?], but more particularly from an intelligence point of view. Mr. Speaight said that the Foreign Office attached great importance to Switzerland as a source of intelligence.

4. Reference was then made to the discussions which have been taking place during the last few weeks in London between this Ministry and Professor Keller of the Federal Department of National Economy. It had eventually been possible to agree with him the stock position in Switzerland of all important commodities. A list was read out showing many months supply in that country of most items. Those of which there was a shortage were coal, coke, paraffin, benzine, diesel oil, maize and to a lesser extent barley and oats. The Meeting was informed that, since the discussions with Professor Keller began, the Swiss had made the position much more difficult by (a) refusing export licenses to the U.K. for any goods other than those on a very unimportant «free» list under the recently negotiated German-Swiss Agreement; (b) similarly refusing licenses for the export of jewels to the U.S.; and (c) granting Italy large credits (admittedly secured by gold). The Swiss explanations of (a) and (b) were most unconvincing and their action had undoubtedly prevented us from getting out of Switzerland a quantity of material urgently needed and already paid for.

5. The general sense of the meeting was that, however badly the Swiss might have behaved it was on political and intelligence grounds desirable to maintain commercial intercourse between the two countries. The representatives of M.E.W. stated that they must maintain the most rigid refusal to allow the passage to Switzerland of enemy deficiencies such as oil, rubber and ferro-alloys. As regards Swiss shortage M.E.W. had no objection to coal and coke going into Switzerland (as these are not German deficiencies) and they would be prepared to allow the passage of the maize on the three ships now waiting in neutral ports which have also a small amount of oats and barley on board. It had at one time been thought that it would be possible to allow some diesel oil, paraffin and benzine to pass, but information had since been received that the Germans were very short of diesel oil and the position of these three items have to be further examined. The rubber position would also need further elucidation as the Swiss are likely to press hard for some rubber to be allowed in and they have raised the point that they are very short of certain essential grades.

6. As regards other goods the representatives of M.E.W. said that they had no objection to the import into Switzerland of any completely innocuous goods but pointed out that there was no certainty that these, if of British origin, would be allowed to pass through Italy, and that it was therefore important that British sellers should see that they were paid for before they parted with their goods. As for the cereals and other goods of which Switzerland already possessed large stocks M.E.W. must insist that there should be no further imports of these until the stocks had been reduced to reasonable levels.

7. It was decided to recommend that the policy of H.M. Government should be to grant navicerts and export licences for completely unimportant goods, and also for coal and coke, destined for Switzerland, but to refuse to allow the import of other commodities until Swiss stocks had in each individual case been reduced to a two months level – after which imports should be allowed in sufficient quantities to maintain that level. The Foreign Office representative did not dissent from this recommendation but expressed the hope that we would endeavour to avoid any unnecessary friction in the application of this policy. It was agreed that in the case of coal and coke and other permitted imports, navicerts – and export licences – should be granted except for shipments consigned to individuals or firms on the Statutory List. It was however pointed out that in fact most important commodities are now consigned to the Swiss Government concerns and, as imports are to be strictly controlled by [us], individual guarantees will seldom be required.

8. It will of course be made clear to the Swiss Authorities that the above policy will be subject to revision at any time if the position in Switzerland deteriorates from our point of view.

9. The Meeting then considered the case of the vessels loaded with cargoes for Switzerland now waiting in neutral ports, and approved the recommendation of M.E.W. that the coal ships should be allowed to go forward two at a time. The «Kapetan Stratis» and the «Mount Pindus» loaded mainly with maize can also proceed and so can the cargo of the «Siretul», but the ship herself would not be allowed to go forward as she is on our Black List.

10. There remain eight ships loaded with wheat and other cereals. As to these representatives of M.E.W. said that they could not agree to facilitate their passage. Mr. Dodd (Ministry of Shipping) pointed out that it was against our interests that these vessels should remain immobilised and said that the Ministry of Shipping would be very glad to charter them from the Swiss. It was suggested that in order to minimise so far as possible the loss already incurred by the Swiss owners of these cargoes we might tell the Swiss that, if the ships were ordered to the U.K, we would then purchase their cargoes at whatever their market value might be on arrival. The representative of the Ministry of Food said that his Ministry would be prepared to do this, but Mr. Hawtrey (Treasury) pointed out that there were strong objections to paying for these cargoes in free exchange. He agreed however to discuss the matter at the Treasury and to report later. Alternatively we might allow the cargoes

to be sold to Spain, in which case the amounts purchased by the Spaniards would be debited to the Spanish quotas.

11. Finally, M.E.W. stated that they were prepared to allow the two vessels with scrap rails on board to go through at the special request of the Swiss Government which had declared that these rails were urgently needed for defence purposes. Mr. Speaight undertook to ask the Foreign Office what would be the best moment to announce this concession to the Swiss in order to get as much political value out of it as possible.

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