

C o p y

Reference

B e r n e.
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Monsieur le Président,

I have the honour to inform Your Excellency, that His Majesty's Government have recently had under consideration the measures which it will be necessary to adopt during the transitional period after the cessation of hostilities when the commerce of the United Kingdom and that of His Majesty's Allies are returning to normal conditions.

At an early stage of the present struggle His Majesty's Government found it necessary to impose restrictions on the exports of certain goods from British territories. The object was twofold: it was partly to preserve the stocks of goods which were vital to the industrial and economic life of the country and partly to prevent the enemy supplying himself from the British Empire with goods which he required for, or might use in, carrying on the struggle.

In the enactment and enforcement of many of these prohibitions of exports it was found necessary to draw a distinction between the countries in respect of which the prohibition applied. In cases where the paramount object was to prevent the goods reaching the enemy, the fact that the country of destination was engaged as an ally in the war and had severed commercial communications with the enemy, or that it was so situated geographically as to render re-export to the enemy unlikely, became factors of prime importance. In cases where the object of the prohibition was the preservation of stocks, the necessity of maintaining the war-strength of the Allies necessitated a distinction between them and other countries.

His Majesty's Government have always realised that this differentiation in the prohibition of exports was not in strict accord with the letter of a commercial treaty such as that between Great Britain and Switzerland, article 8 of which provides that prohibitions of exportation to the one country shall not be in force

Son Excellence,

Monsieur F. Calonder,

etc. etc. etc.



in the territories of the other unless they apply equally to similar exportations to other foreign countries. A prohibition of exportation however, of this nature was so inevitable in the case of any belligerent power engaged in a struggle of the magnitude of the present war that all Neutral Governments realised the necessity for its enforcement, feeling no doubt that it was in no way opposed to the spirit and purpose of a commercial treaty. His Majesty's Government desire, however, to take this opportunity of placing on record their appreciation of the forbearing and generous spirit in which their necessary belligerent measures were met.

As the war progressed it became necessary for His Majesty's Government to introduce a system of prohibitions of importation into the United Kingdom, coupled with a licensing system which involved discrimination similar to that arising from the control of exports. These measures were due to the necessity of preserving all available cargo space for imports of real importance from the point of view of carrying on the war, and in part also to the delicate financial problems connected with the exchange between the various Entente countries, and between them and Neutral countries. Problems of this kind were not foreseen when commercial treaties were negotiated, and it is not surprising that it should be found difficult to give full and literal effect to all of their provisions when the financial resources ~~burdens~~ of one of the contracting parties are confronted with the burdens which this war has entailed. Difficulties connected with finance and exchange have necessitated the regulation of imports into the United Kingdom, not merely from the point of view of the finance of the United Kingdom, but also from the point of view of His Majesty's Allies. Financial power is as important to the maintenance of the fighting strength of a nation as munitions or man-power, and where the financial position of an Allied power might have been seriously affected by inability to find a market for its products, it was the duty of His Majesty's Government to regulate their own imports so as to help their Ally.

His Majesty's Government are glad to feel that the measures which they have been compelled to take for controlling imports into the United Kingdom during the war have met with no serious objection

from Neutral Powers; in fact the only protests which have been received were due to an unfounded impression that the object in view was an unfair discrimination against the trade of the country concerned.

During the period of reconstruction after the termination of hostilities, many problems will arise similar to those with which His Majesty's Government have been confronted during the war. The territories of several of His Majesty's Allies have been ravaged during the war, and in addition financial burdens will have been incurred and feelings engendered which must of necessity prevent the restoration of trade to its normal channels immediately after the proclamation of peace. In some ways these problems may be even more urgent than those which have arisen during the war. The duty of His Majesty's Government to assist to their utmost in the rapid restoration of the industries of the Allied countries which have experienced the full effects of the war will clearly be an obligation of pressing importance.

The measures which Great Britain may feel bound to take for the purpose of assisting her Allies to recover from the effects of the war cannot be foreseen in detail at present, but His Majesty's Government cannot but realise that some of them may run counter to the letter of the provisions of the Treaty of 1855 in that they would not affect equally all foreign nations. His Majesty's Government, however, trust that from the explanations given above the Swiss Government will realise that it is the letter only of the treaty which may be infringed and not the spirit. Whatever form these special arrangements take, they will be merely temporary in character, for they will be limited in time to the period of recovery from the war. It will, of course, subject to the above, be the object as it is the duty of His Majesty's Government to fulfil to the utmost the obligations which the Commercial Treaties by which they are bound impose upon them.

His Majesty's Government have given this early indication of their intention because it is their wish to preserve intact their commercial relations with all friendly nations, and they are anxious to avoid any complaint at a later stage that, if the recons-

truction period after the war may necessitate special measures for the benefit of the Allies which were not foreseen at the time the Treaties were negotiated, it was the duty of His Majesty's Government to free themselves from the obligations of the Treaties by giving notice to denounce them. The power to denounce is mutual, but His Majesty's Government sincerely hope that the necessity to repay what His Majesty's Government cannot but regard as a debt of honour to their Allies will not be regarded as a ground for terminating the commercial relations which have so happily and so long endured with the Swiss Confederation.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

signed: Horace Rumbold.