

Kopie an HH. Departementsvorsteher,
 Direktor Dr. Hotz.
 Prof. Dr. Keller,
 Ha.

Copy
Pn

13th August, 1940.

Dear Mr. Setchell,

With reference to our yesterdays discussion I would send you herewith an Exposé on the general import situation of this country with regard to liquid fuels together with the proposals of my Government for the organisation of imports to Switzerland of these products from oversea.

I. Commercial Requirements and Reserve Storage.

- 1.- Switzerland's peacetime requirements of liquid fuels of all grades amount to some 420 - 450'000 tons p.a. Normally, therefore, some 32'000 - 40'000 tons are imported monthly, Benzine forming the greater part of these imports during the spring and summer months, whilst from October to May greater quantities of heating oils are imported.
- 2.- From the outbreak of war up to April 1940 Switzerland imported, on average, some 30'000 tons per month. Motor fuels formed the greater part of the imports over this period, as the available reserve storage had to be filled. Since the beginning of May 1940 there has been a continuous and marked decrease in imports, which in July had sunk to 1/3 of their normal. In August there has been, to date, no improvement in the situation. Despite the stringent rationing of consumption we have been obliged to call upon the reserve stocks laid down in earlier months to such an extent that our stocks of liquid fuels in all grades are below normal peacetime reserves. Particularly disquieting is the position with regard to heating oils. Instead of the normal peacetime stocks of some 80'000 tons, stocks of heating oils, unless there is an increase in imports, will have sunk by the end of August

To H.L. Setchell, Esq.,
 Commercial Attaché,
 British Legation,
B e r n e .

*) The word "Benzine" is throughout used to designate what you in England call petrol.



as low as 10'000 tons, including stocks carried by dealers and consumers.

II. Supplies from Roumania.

1.- To improve the present import situation and to avoid the inevitable consequences which a continuation of the present conditions with regard to the import of coal and heating oils must have for the countries which formerly exported to Switzerland, the Swiss Government adopted the following measures:

For the three months July to September 1940 Switzerland has purchased in Roumania 40'000 tons per month of all grades of liquid fuels. For the further three months October to December 1940 Switzerland has secured in Roumania, up to the present, further quantities of 30'000 tons per month. The Roumanian Government has approved this programme. Delivery of the above quantities is to be made by the end of January 1941.

III. Transport.

The quantities mentioned under II above can be transported either by the direct land-route or via the Danube and Jugoslavia, or by the sea-route to Adriatic or Mediterranean ports.

1.- The direct land-route to Switzerland by rail from Roumania via Jugoslavia, Bulgaria or Hungary is a technical possibility, but owing to the transport conditions obtaining in these countries, the direct rail-route is in practice feasible only for the transport of very small quantities. One rail trip from Roumania to Switzerland occupies more than one month. Owing to the very reduced number of rail tank cars at our disposal it is vital that our rail tank cars should be employed on the shortest possible routes, as only if our rail cars are able to make $2\frac{1}{2}$ - 3 trips per month is it possible for us to import the quantities necessary to cover our requirements.

2.- The route via the Danube to Jugoslavia is assured for Switzerland by means of a transit agreement covering all types of river transport. At the moment we have 6 - 8 Danube barges at our disposal and by the end of August 1940 9 - 12 barges will in all be available. The capacity of each barge is 7 - 800 tons. Nine of these barges have been chartered firm to June 1941; every effort is being made to charter

further vessels. At present the barges require some 12 - 15 days to reach the discharge points in Jugoslavia. The discharge of barges at the Yugoslav ports of Osijek, Vukovar and Caprag has been organised and occupies some 3 to 4 days per barge as no land storage is available, thus necessitating the direct discharge of barges into rail tank cars. Every effort is being made to speed up these operations in order to obtain an increased performance from the available transport facilities.

In July some 3'000 tons were shipped up the Danube for Swiss account. In August the quantity transported via the Danube will reach some 8500 tons and this will be increased in September to 13 - 15'000 tons. Any further increase of Danube transports for Swiss account appears at present impossible owing to the heavy traffic already organised on the Danube by Germany. From December to March, when the river freezes over, all transport on the Danube has to be suspended.

3.- As it is in practice impossible to bring imports to Switzerland by the direct rail-route from Roumania, and as the transport facilities on the Danube are very restricted, Switzerland is unable to cover more than, at maximum, 40 % of here requirements by these routes. It is, therefore, essential that Switzerland should be able to import considerable quantities by the sea-route ex Constantza.

The sea trip from Constantza to Yugoslav ports or to Trieste occupies some 9 - 10 days. Ample storage and handling facilities are available, in particular the Anglo-Iranian installation at Trieste and the installations of other concerns at Soline and Susak in Jugoslavia. Products reaching these installations will be imported to Switzerland by rail tank car. Rail tank cars operating on these routes can make $2\frac{1}{2}$ - 3 trips per month.

IV. Demands of Swiss Government.

Switzerland accordingly demands that His Majesty's Government shall without delay approve the following measures:

- a) Free passage by the sea route for all quantities which cannot be imported either direct by rail or via the Danube, namely:
 - for August minimum 30'000 tons,
 - for September minimum 25'000 tons and
 - for October, November and December a minimum of 20'000 tons per month.

In addition to the above quantities the loss of imports sustained in July, amounting to 25'000 tons, is to be made good over the period August to December by a corresponding increase of the transport programme. When, in winter, transport on the Danube has to be suspended all imports will have to be effected over the sea route.

- b) Approval of the use by Switzerland of the following installations: Susak and Soline in Jugoslavia, Trieste in Italy and possibly also a French Mediterranean port.
- c) His Majesty's Government shall without delay and at any time grant Switzerland the necessary laissez passer for all ships which Switzerland, in fulfillment of the programme as set out under I and II above shall from time to time advise to the British authorities.

V. Demands for the immediate free passage for tankers.

Switzerland requires for the fulfillment of the transport programme ex Constantza to the above mentioned ocean installations that free passage shall be granted immediately for the following tankers:

- a) s/s Yolanda, Panama flag 7800 tons capacity black products.
Loading immediately Gulf of Mexico.
- b) s/s Currier, Swiss tanker under Panama flag. 6 - 8000 tons capacity black products. Ready for loading on 1st to 15th november 1940.

It is foreseen that both these vessels should be chartered under time charter for at least 6 months in the first place, with an option for a further 3 - 6 months. The charter parties for these vessels cannot be considered as legally binding until H.M. Government grants free passage for these vessels through Gibraltar. The two vessels will be used exclusively for Swiss transports and supplies.

I should be grateful if you would forward the text of the above note without delay to your Government.

Looking forward to receiving your early reply and thanking you for the assistance which you are giving us in this matter,

I remain,

Yours very truly

sig. Ebrard.